



ANNUAL REPORT  
**2017**

PEOPLE • TECHNOLOGY • EXCELLENCE



## **VISION**

Creating a better environment for our communities by providing total engineering and facilities solutions

## **MISSION**

We aim to provide valuable and sustainable solutions to all that we serve by:

**Developing and nurturing our people**

**Adopting the most appropriate systems and technologies**

**Delivering excellence in all that we do**

**2018**



# Core Values

We aim to demonstrate these Core Values in everything we do:

**Practise Professionalism** – duty of care.

**Take pride** – do our best.

**Demonstrate respect** – treating all with respect and dignity.

**Pursue continuous improvement** – people and systems.

**Embrace Teamwork** – collaborating and partnering.

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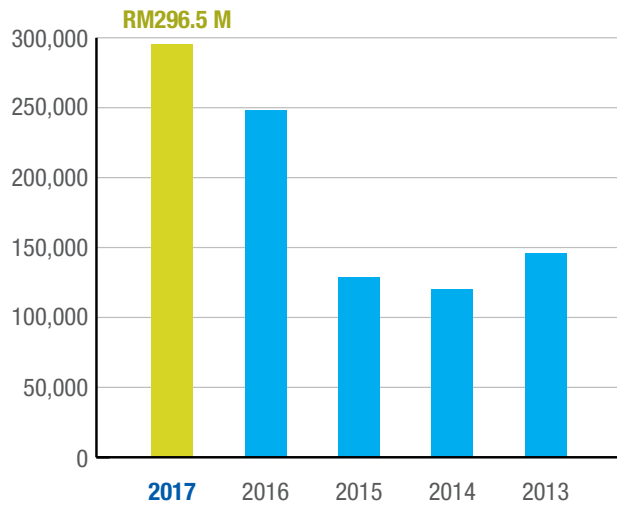
# FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 30 JUNE	CONSOLIDATED / GROUP				
	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
<b>Statement of Comprehensive Income Highlights:</b>					
Revenue	<b>296,496</b>	248,532	128,017	119,506	145,000
Profit From Operations	<b>39,092</b>	29,808	12,695	13,223	9,311
Profit Before Taxation and zakat	<b>38,655</b>	30,075	12,769	13,753	9,715
Net Profit For The Financial Year	<b>30,902</b>	23,595	11,716	9,960	5,588
Net Profit Attributable to Owners of The Company	<b>22,019</b>	17,127	8,082	6,952	4,555
Earnings/(Loss) Per Share (sen)					
- Basic	<b>8.3</b>	6.9	3.6	3.1	2.0
- Fully Diluted	<b>7.9</b>	6.7	-	-	-
Gross Dividend Per Share (sen)	<b>2.0</b>	2.5	-	-	2.5
<b>Statement of Financial Position Highlights:</b>					
Share Capital	<b>91,115</b>	78,443	68,604	68,604	68,604
Shareholders' Equity	<b>141,246</b>	118,998	91,597	79,012	71,130
Total Assets	<b>292,417</b>	235,034	152,986	148,309	155,332
Debt/Equity Ratio	<b>0.03</b>	0.01	0.02	0.04	0.07
Current Ratio	<b>2.0</b>	2.3	4.1	3.6	2.5
Net Assets Per Share (sen)	<b>53.0</b>	45.5	40.6	35.1	31.6

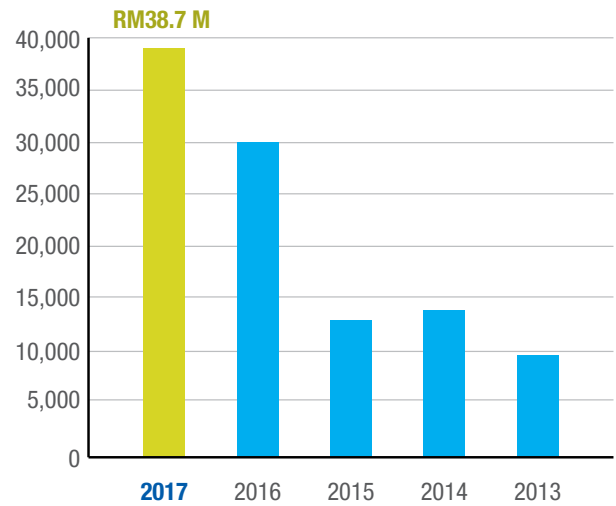


# Financial Highlights (Cont'd)

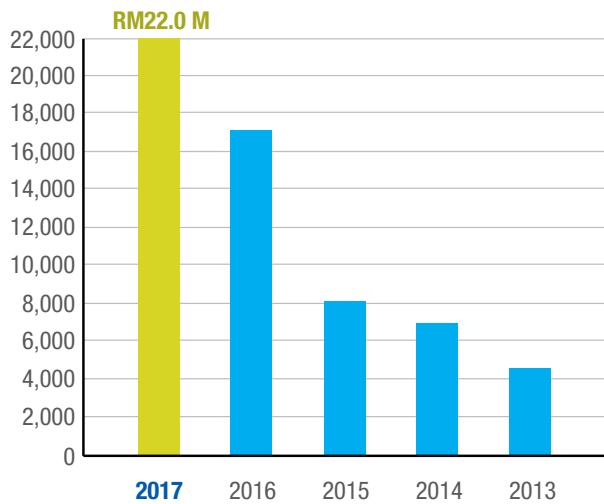
**REVENUE (RM'000)**



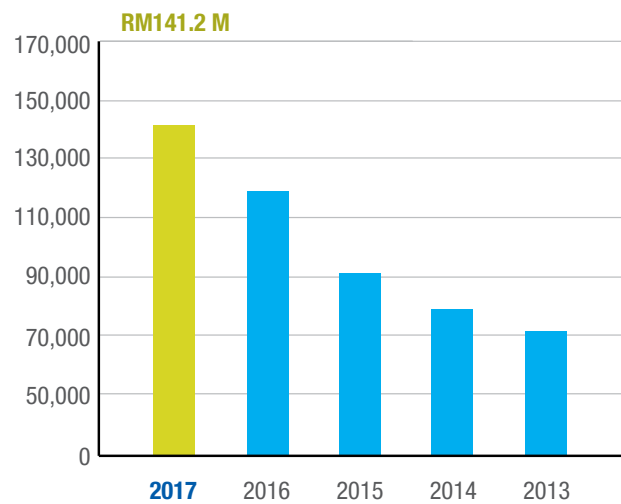
**PROFIT BEFORE TAXATION AND ZAKAT (RM'000)**



**NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)**



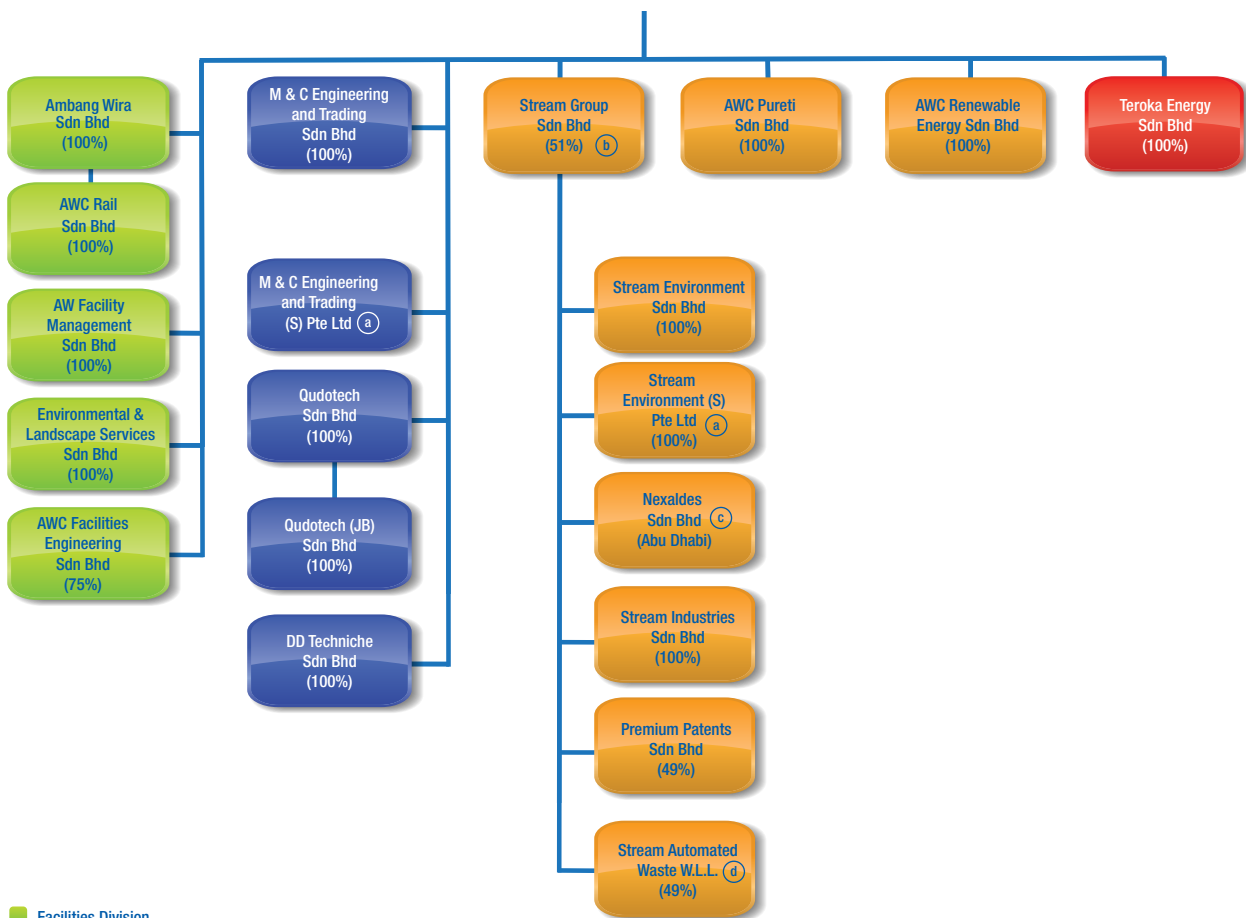
**SHAREHOLDERS' EQUITY (RM'000)**





# GROUP STRUCTURE

As At 16 October 2017



- Facilities Division
- Engineering Division
- Environmental Division
- Investment holding company

- a Incorporated in Singapore
- b Formerly known as Nexaldes Sdn Bhd
- c Nexaldes Abu Dhabi Branch Office
- d Incorporated in Qatar



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Nik Mod Amin Bin Nik Abd Majid**  
*Independent Non-Executive Chairman*

**Dato' Ahmad Kabeer Bin Mohamed Nagoor**  
*Managing Director/Group Chief Executive Officer*

**Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj**  
*Independent Non-Executive Director*

**Ahri Bin Hashim**  
*Independent Non-Executive Director*

**Sureson A/L Krisnasamy**  
*Independent Non-Executive Director*

## AUDIT COMMITTEE

Sureson A/L Krisnasamy (*Chairman*)  
Dato' Nik Mod Amin Bin Nik Abd Majid  
Ahri Bin Hashim

## NOMINATION COMMITTEE

Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj (*Chairman*)  
Ahri Bin Hashim  
Sureson A/L Krisnasamy

## REMUNERATION COMMITTEE

Ahri Bin Hashim (*Chairman*)  
Dato' Nik Mod Amin Bin Nik Abd Majid  
Dato' Ahmad Kabeer Bin Mohamed Nagoor

## EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Dato' Ahmad Kabeer Bin Mohamed Nagoor (*Chairman*)  
Sureson A/L Krisnasamy  
Tevanaigam Randy Chitty

## COMPANY SECRETARY

Tea Sor Hua  
(MACS 01324)

## REGISTERED OFFICE

Third Floor, No. 79 (Room A)  
Jalan SS21/60  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 03-7725 1777  
Fax: 03-7722 3668

## PRINCIPAL OFFICE

20-2, Subang Business Centre  
Jalan USJ 9/5T  
47620 UEP Subang Jaya  
Selangor Darul Ehsan  
Tel: 03-8024 4503/4/5  
Fax: 03-8025 9343  
Website: [www.awc.com.my](http://www.awc.com.my)

## SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite,  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel: 03 - 2783 9299  
Fax: 03 - 2783 9222

## AUDITORS

Morison Anuarul Azizan Chew  
Chartered Accountants  
(AF : 001977)

## PRINCIPAL BANKERS

Malayan Banking Berhad  
AmBank (M) Berhad  
HSBC Bank Malaysia Berhad  
United Overseas Bank (Malaysia) Berhad

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Stock Name: AWC  
Stock Code: 7579





# BOARD OF DIRECTORS

**AHRI BIN HASHIM**

*Independent Non-Executive  
Director*



**DATO' AHMAD KABEER  
BIN MOHAMED NAGOOR**

*Managing Director/Group  
Chief Executive Officer*



**YANG MULIA TUNKU  
PUAN SRI DATO' HAJJAH  
NOOR HAYATI BINTI  
TUNKU ABDUL RAHMAN  
PUTRA AL-HAJ**

*Independent Non-Executive  
Director*

**DATO' NIK MOD AMIN  
BIN NIK ABD MAJID**

*Independent Non-Executive  
Chairman*

**SURESON A/L  
KRISNASAMY**

*Independent Non-  
Executive Director*





## BOARD OF DIRECTORS PROFILE



**DATO' NIK MOD AMIN BIN NIK ABD MAJID**  
Independent Non-Executive Chairman

Dato' Nik Mod Amin Bin Nik Abd Majid, a Malaysian, male, aged 64, was appointed to the Board on 1 September 2009 as an Independent Non-Executive Chairman. He is also a member of the Audit Committee and Remuneration Committee of the Company.

Dato' Nik Mod Amin obtained his Degree in Economics from Universiti Malaya in 1976.

Dato' Nik Mod Amin is the Managing Director and founder of Fask Capital Sdn Bhd. The company's activities include the provision of services in the area of microcredit, micropayments, retail investments, debt management and financial consultancy. He is also the President of FCA Capital Sdn. Bhd. (providing corporate advisory services) and the President of Capital Investment Bank (Labuan) Ltd (providing investment bank and corporate finance services in Labuan).

He also has more than 26 years of banking experience with various financial institutions including Malayan Banking Berhad and Affin Bank Berhad. He is also the former Chief Executive Officer for BSN Commercial Bank Berhad, a post that he held for 8 years.

His other previous posts include General Manager of Perbadanan Usahawan Nasional Berhad, General Manager of Perwira Affin Bank Berhad and Vice President of Malaysian Franchise Association where he was appointed as part of the panel of consultants for Perbadanan Nasional Berhad in the Franchise Development Programme.

He was previously a Board Member of Universiti Utara Malaysia, a position he stepped down from in year 2015.



**DATO' AHMAD KABEER BIN MOHAMED NAGOOR**  
Managing Director/Group Chief Executive Officer

Dato' Ahmad Kabeer Bin Mohamed Nagoor, a Malaysian, male, aged 60 was appointed to the Board as a Non-Independent Non-Executive Director on 2 February 2005. On 22 June 2007, he was re-designated as the Non-Independent Non-Executive Deputy Chairman of the Company and subsequently as the Executive Deputy Chairman on 1 March 2012. On 29 May 2013, Dato' Ahmad Kabeer assumed the position of Managing Director/Group Chief Executive Officer of the Company. He is a member of the Remuneration Committee and the Chairman of the Employees' Share Option Scheme Committee of the Company. He is a major shareholder of the Company.

Dato' Ahmad Kabeer graduated with a Master's Degree in Finance from the University of St. Louis, Missouri, USA in 1986. He started his career with the Bank of Nova Scotia in 1986 in the Foreign Exchange Division before becoming a lecturer at the School of Management, Universiti Sains Malaysia from 1988 to 1994.

## Board of Directors Profile (Cont'd)



**YANG MULIA TUNKU PUAN SRI DATO' HAJJAH  
NOOR HAYATI BINTI TUNKU ABDUL RAHMAN  
PUTRA AL-HAJ ("YM TUNKU")**  
Independent Non-Executive Director

YM Tunku, a Malaysian, female, aged 50, was appointed to the Board on 12 April 2017 as an Independent Non-Executive Director. She is also the Chairman of the Nomination Committee of the Company.

YM Tunku graduated with a Degree of Bachelor of Law, LLB (Honours) from Queen Mary and Westfield College, University of London, United Kingdom in 1991. Later, she pursued a Diploma in Psychology Counselling from Universiti Kebangsaan Malaysia in 2006. Most recently in 2013, she obtained a Masters in Philosophy (MPhil) from Universiti Malaya.

YM Tunku started her career with legal advisory work before joining Berjaya Corporation Berhad (construction) and Dunham Bush (Malaysia - Manufacturing) as an Executive Director from 2007 until 2008.

YM Tunku was later appointed as Executive Director at East Coast Terminal Sdn Bhd from 2013 to 2014, a private limited company managing port activities in Tok Bali.

As of 2014, YM Tunku holds the position as Executive Chairman of Selenggara Timur Sdn Bhd, a concession holder for the maintenance of state roads in Kelantan.

Actively involved in social welfare activities, YM Tunku is one of four Deputy Presidents of Pertubuhan Kebajikan Islam Malaysia (PERKIM) Kebangsaan, having been appointed in 2013. She was also elected as the Head of Women Division, PERKIM Kebangsaan, a position she has held since 2010.

In 2014, YM Tunku founded a Non-Governmental Organization (NGO), Yayasan Noor Al Syakur (YANAS) which is involved in various social welfare activities including the provision of aid to those in need and the revival of arts and culture in Kelantan.

YM Tunku was also instrumental in developing Behaviour Intervention Modules in Development and Training, between Universiti Malaya, School of Medicine, Centre of Excellence in Research of Infectious Disease and Addiction (CERIA), with the collaboration of University of Yale and University of Connecticut, United States of America (2010 until 2012).



**SURESON A/L KRISNASAMY**  
Independent Non-Executive Director

Sureson A/L Krisnasamy, a Malaysian, male, aged 42, was appointed to the Board on 12 April 2017 as an Independent Non-Executive Director. He is also the Chairman of the Audit Committee and a member of the Nomination Committee, Remuneration Committee and Employees' Share Option Scheme Committee of the Company.

Mr. Sureson graduated with a Bachelor of Accountancy (Hons) from Universiti Putra Malaysia in 1999. He is currently registered as a Chartered Accountant with the Malaysian Institute of Accountants, since 2002.

He started his career with Telekom Malaysia Bhd in 1999 as an Accountant, where he was involved with Finance, Sales, Corporate Finance and Investor Relations. He joined CLSA Securities as an Investment Analyst in 2005, covering the telecoms and automobile sectors. He later joined Bursa Malaysia in 2007, as Senior Manager focusing on strategy, issuers development, cross border listings and capital market promotion.

Mr. Sureson joined CIMB Investment Bank in 2010 as Acting Chief Representative for India. He was responsible for initiating and spear heading cross-border South East Asia, India and Sri Lanka business opportunities for CIMB.

He later joined RHB Investment Bank in 2012 as Team Head, Malaysia Large Caps, focusing on corporate and investment banking relationships with clients. He was responsible in leading RHB's team for deal pitches and winning and thereafter executing mandates for clients.

Since 2015, he is the Finance Director of Bioven Ltd, a global immuno-oncology R&D company.





## Board of Directors Profile (Cont'd)



**AHRI BIN HASHIM**  
Independent Non-Executive Director

Ahri Bin Hashim, a Malaysian, male, aged 50, was appointed to the Board on 12 April 2017 as an Independent Non-Executive Director. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company. He graduated with a Diploma in Investment Analysis from University Technology Mara in 1989. He thereafter obtained a Bachelor of Science Marketing and Computer Science from Tri-State University, Angola, Indiana in 1997 and subsequently a Masters in Business Administration (MBA) from Columbia University, New York, United States of America in 2001.

He started his career in 1989, as an Equity Analyst with Baring Securities Pte Ltd. He left in 1993 to join K&N Kenanga Sdn Bhd as an Institutional Securities Dealer, for a year until 1994. The following year he joined Dresdner Kleinwort Benson, New York as an Institutional Dealer in charge of Far East Equity Sales.

En. Ahri co-founded and acted as a director of AWZ Computer LLC, Angola, Indiana in 1996-1997. He was a co-founder and then appointed as the Managing Partner in Globex LLC, New York, which focused on high technology investment, between 1998 and 2002.

In 2007, he co-founded and became a partner of The Datestone Group LLC, Palm Beach Florida, which is a Sharia' compliant private equity investment and financial advisory firm with global exposure including in Liberia, Africa as well as Chile, South America.

He was appointed as a Board Member of Ministry of Finance Incorporated's Syarikat Perumahan Negara Berhad (SPNB) in 2013. In May 2015 he was appointed as Chairman of SPNB Aspirasi Sdn Bhd as well as director of SPNB Edar Sdn Bhd and SPNB Dana Sdn Bhd, positions which he holds to date.

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### Note:-

1. *None of the Directors have family relationship with any Directors and/or major shareholders of AWC Berhad.*
2. *None of the Directors have any conflict of interests with the Company.*
3. *None of the Directors have been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2017, other than for traffic offences.*





*Datum Jelatek (Environment Division).*



*Xiamen University (Engineering Division).*





# KEY SENIOR MANAGEMENT

## MOHAN KUMAR

*Chief Executive Officer, AWC Rail Sdn Bhd/Vice President, Group CEO's Office*



## TAN SIEW KHENG (DAVID)

*Managing Director, Qudotech Sdn Bhd and DD Techniche Sdn Bhd, Engineering Division*



## NIK ADNAN BIN NIK MOHD SALLEH

*Chief Executive Officer, Ambang Wira Sdn Bhd, Facilities Division*



## DATO' AHMAD KABEER BIN MOHAMED NAGOOR

*Managing Director/Group Chief Executive Officer, AWC Berhad ("AWC")*





**TEVANAIGAM  
RANDY CHITTY**

*Chief Financial Officer,  
AWC*

**SHHRIL BIN RAJAB**

*Group Chief Human  
Resources Officer,  
AWC*

**CHEA THEAN TEIK**

*Group Chief Executive  
Officer, Stream Group  
Sdn Bhd (formerly known  
as Nexaldes Sdn Bhd),  
Environment Division*

**TAN AI LEE**

*Group Legal Counsel,  
AWC*







# KEY SENIOR MANAGEMENT PROFILE

The executive function in the Group is spearheaded by the Managing Director/Group Chief Executive Officer, Dato' Ahmad Kabeer bin Mohamed Nagoor, whose profile is included under the section on Directors' profile of this Annual Report.

Dato' Ahmad Kabeer chairs the Executive Committee ("EXCO") of the Company, which assists him with the day to day running of the various components of the Group. The profiles of the Key Senior Management members, who are members of the EXCO, are set out below.

**MOHAN KUMAR ("Mohan")**  
Chief Executive Officer ("CEO"),  
AWC Rail Sdn Bhd/  
Vice President Group CEO's Office

Mohan, a Malaysian, male, aged 58, joined the group on 1 June 2017 as CEO of AWC Rail Sdn Bhd. On 14 July 2017, he was concurrently appointed as Vice President in Group CEO/Managing Director's office. Having completed his early education in 1979 with a Diploma in Mechanical Engineering from Federal Institute of Technology, Mohan then obtained a Bachelor of Science Degree in Mechanical Engineering from Kennedy-Western University in 1994 and a MBA in Total Quality Management from Newport University (2004). Mohan additionally attended the Certificate in Insurance program at College of Insurance, Bombay, India (1981) and completed the post-graduate Advanced Diploma in Business Administration from University of Oxford (External) in 1999.

Mohan first started his career in the insurance industry in 1979 with South East Asia Insurance Berhad as an Underwriter. In 1984, he made a career move to the Industrial sector and was employed with J B Teknik Sdn Bhd, a precision industrial parts fabrication unit to the electronics and automotive sectors as Operations Director. In 1997, Mohan joined Johnson Medical International as Production Head where he project-managed Malaysia's and the world's first mobile surgical units at Queen Elizabeth Hospital, Sabah.

In 2001, Mohan entered the Asset and Facilities Management space when he joined Johnson Controls Inc as Country Manager, Facilities Management Solutions. In 2005, he moved on to Invensys Process Systems Pte Ltd in Singapore, where he was ASEAN Regional Service Manager. In 2008, Mohan joined Schneider Electric SE and was in General Managerial positions within the group in Malaysia and India/Middle East. His last position was as Asia Pacific Director for Facilities Management. Following short-term assignments in Kennametal (S) Pte Ltd (2015-2016) and (2016-2017) UEMS Solutions Sdn Bhd, Mohan joined AWC group to start-up the Rail Division on 1 June 2017.

In addition to extensive operations and industry experience, he is a Certified Critical Facility Manager, and a Leadership Coach & Mentor having attended Excellence in Leadership Program (2006), Schneider Electric Leadership Fundamentals (SELF) Program (2008), Talent Management and Knowledge Retention Program (2010), and Coaching & Mentoring for Senior Leaders (2011).



## Key Senior Management Profile (Cont'd)

### **TAN SIEW KHENG (David)**

Managing Director,  
Qudotech Sdn Bhd ("Qudotech") and  
DD Techniche Sdn Bhd ("DDT"),  
Engineering Division

Tan Siew Kheng (David), a Malaysian, male, aged 58, is the Managing Director of Qudotech and DDT.

He graduated from University Malaya in 1983 with a Degree in Mechanical Engineering. Since 1992 he is a registered Professional Engineer with the Board of Engineers, Malaysia, and is a Member of the Institution of Engineers Malaysia. He is the Vice President of The Selangor & Kuala Lumpur Plumbing Association (2016/2019), where he previously served as the Assistant Honorary Secretary from 2013 to 2016.

He started his career in a Mechanical and Electrical ("M&E") Contracting company Radio & General Trading Sdn Bhd in 1983. Subsequently he joined an M&E Consultancy company Abu Bakar & Associates in 1984 and was the resident engineer for the Saujana Golf Resort Project, Subang for 4 years. Thereafter he worked with main contractors Shimizu-Peremba and Peremal Sdn Bhd before joining Faber Berhad in 1991. He has extensive experience in management and construction of Hotels, Hospitals, Golf Resorts, Factories and High Rise Offices and Condominiums. In 1993 he ventured into business by forming DDT. In 1996 he formed Qudotech. Today Qudotech specialises in Cold/Hot Water & Sanitary Plumbing Services and is one of the market leaders in high end high rise mega projects. DDT specialises in Rainwater Harvesting and Grey Water Recycling Systems.

### **NIK ADNAN BIN NIK MOHD SALLEH**

Chief Executive Officer,  
Ambang Wira Sdn Bhd ("AWSB"),  
Facilities Division

Nik Adnan Bin Nik Mohd Salleh, a Malaysian, male, aged 60. He joined the group on 1 November 2012 and currently holds the position of Managing Director, Facilities Division, AWSB.

En. Nik Adnan holds a Bachelor of Science Degree in Chemistry which he obtained in 1979. He obtained the post-graduate degree Master of Arts in Bio-chemistry in 1981 from Indiana State University, Terre Haute, Indiana U.S.A.

He first started his career in 1981 with Esso Malaysia Berhad. During the period until 1995, he held various positions in Marketing Technical Services, Sales, and as Head of Strategic Planning for the Industrial and Consumer Division. Later, he joined PROPEL~Johnson Controls as the Senior General Manager of Healthcare in charge of hospital support services for 72 government hospitals, from 1997 to 2001.

During the period 2001 to 2003 he was self-employed in the company Naditris Sdn Bhd and in 2004, he joined Alam Flora Sdn Bhd ("Alam Flora"), the waste management and public cleansing concession holder for Central and Eastern Regions as the General Manager ("GM") of Operations until 2007. During this period he oversaw the operations of waste collection of close to 6,000 tonnes per day and public cleansing for 28 Local Authorities. In 2007, still in Alam Flora, he assumed the position of GM Privatization and New Business until 2010 working with Public Private Partnership Unit (UKAS) on tariffs and the concession agreement.

In 2010 – 2012, he joined Saudi ASMA Environmental Solutions in Jeddah, Kingdom of Saudi Arabia and acted as the Technical/Project Advisor to the Holy City of Makkah waste collection and public cleansing management. His key roles involved the reviews, evaluations and recommendations on Operations Working Plans, System Planning, Waste Containerization System, Fleet Management System, Key Performance Indicators and other related strategies for the Normal, Ramadhan and Hajj seasons.

En. Nik Adnan is responsible for the day to day running of all three segments in the Division, i.e. Concession, Commercial and Healthcare. He is also responsible for strategic direction undertaken in the Facilities Division for the future.



## Key Senior Management Profile (Cont'd)

**TEVANAIGAM RANDY CHITTY ("Randy")**  
Chief Financial Officer ("CFO"),  
AWC

Randy, a Malaysian, male, aged 49. He joined AWC as the CFO on 11 March 2015.

Randy is a member of the Malaysian Institute of Certified Public Accountants ("MICPA"). He completed the Malaysian Certified Public Accountants examination in November 1992 and was admitted as a member of MICPA in November 1994. He previously held a Capital Markets Services Representative's Licence as governed by the Securities Commission since 2008 until April 2017. Randy started his career as an Articled Clerk with Ernst & Young in 1989 and his last position there was as Audit Senior. In 1993, he joined the Corporate Finance division of Arab Malaysian Merchant Bank Berhad as an Officer and was promoted to Manager in 1996. In 1997, he joined TA Securities Berhad as a Senior Manager in the Corporate Finance division. Randy continued his career as Group General Manager for Pancaran Ikrab Berhad in 1999. In 2002, he joined the Finance department of Bukit Kiara Properties Sdn Bhd as General Manager. Following that, in 2003 he joined as the Group General Manager of the Finance department at AWC Facility Solutions Berhad (now known as AWC). In 2008, Randy joined the International Corporate Finance Unit of Kenanga Investment Bank Berhad as a Director/Senior Vice President.

Randy also sits on the Employee Share Option Scheme ("ESOS") Committee of the Company.

Presently, he is also the Director/Principal Consultant of Leading Advantage Consulting Sdn Bhd, a position he has held since 2009. Since 2010, he has been an Associate at Sierac Corporate Advisers Sdn Bhd, which he resigned from in April 2017.

He also sits on the Boards of LKL International Berhad

**SHAHRIK BIN RAJAB**  
Group Chief Human Resources Officer,  
AWC

Shahril Bin Rajab, a Malaysian, male, aged 50. He joined the group on 1 August 2017 and currently holds the position of Group Chief Human Resources ("HR") Officer, AWC.

He holds a Bachelor's Degree in Human Resources Management from the University of Missouri, United States which he obtained in 1990.

He started his career in 1990 with Sony Audio (M) Sdn Bhd, managing a leading multinational company and provider of audio, electronics and Information Technology ("IT") products. During the period until 2000, he held various positions as an Executive until Assistant Manager in the Administration and Accounts Department. In 2000, he joined Rex Trading (M) Bhd, a manufacturer, trader and exporter of canned food, frozen food and drinks as the Assistant Manager in charge of the Compensation and Benefits Division.

In 2002, he made a career move and served as the Director, Special Affairs Department under the Ministry of Communication and Multimedia Malaysia. His key roles involved providing expertise and core quality services in relation to Government's policies, philosophies and the country's planning and vision. He is also a certified speaker for several higher learning institutes and a certified trainer for many well-established leadership, quality and productivity programs.

In 2006, Shahril entered the construction industry when he joined GPM Holdings Sdn Bhd as Senior HR Manager managing operations of HR, Administration and Building to assist PR1MA to plan, develop, design and construct high-quality housing for low and middle-income households in key urban areas.

From 2011 until 2017, he joined an oil and gas company, Gagasan Carriers Sdn Bhd as Chief HR Officer. In 2013, as part of a restructuring exercise, he was given additional position as Head of Corporate Health, Safety and Environment ("HSE"). He led the day-to-day of HR operations and Corporate HSE management to the entire Gagasan Carriers group of companies.

In addition to his organizational success and extensive experience, he is awarded several medals and appreciation awards by His Royal Highness The Sultan of Pahang and by His Excellency Yang di-Pertua Negeri Pulau Pinang. Presently, Shahril is responsible for managing the day-to-day HR operations and management for the AWC group of companies.



## Key Senior Management Profile (Cont'd)

### IR CHEA THEAN TEIK (“Ir. Chea”)

Group Chief Executive Officer,  
Stream Group Sdn Bhd (formerly known as  
Nexaldes Sdn Bhd) (“Stream Group”),  
Environment Division

Ir. Chea, a Malaysian, male, aged 45. He holds a Bachelor’s Degree in Mechanical Engineering from the University Technology of Malaysia (UTM) which he obtained in 1997. He is a corporate member of the Institute of Engineers Malaysia (IEM). He completed The Malaysian Board of Engineers Professional Interview and Examination in year 2004, and was admitted as a qualified Professional Engineer (Mechanical) in year 2005.

He is an experienced and qualified Professional Engineer (with Practicing Certificate) with 20 years of experience in the area of the Building’s M&E Services, Mechanical Handling Engineering, Project Management & Contract Administration, Central Vacuum Systems and Automated Waste Collection Systems.

He started his career in 1997 as an M&E engineer in an engineering consultancy firm Perunding Cekap and TWT Consultants Sdn Bhd in Johor Bahru. In 1999, he joined a contracting company, Tiong Seng Contractors in Singapore, that is responsible for coordination and implementation of M&E services in various projects undertaken. In 2001, he joined MHE-Demag Sdn. Bhd. and is responsible for the implementation of mechanical handling projects undertaken by the company.

Ir. Chea joined Stream Group on 16 September 2005 as a Project Manager. In 2008, he was transferred to Nexaldes Pte Ltd (the Singapore office) as General Manager and later in 2009 as General Manager of Multilink Environmental Services LLC UAE, a Joint Venture company between Stream Group and MBM Dubai-Dallah, a Saudi Arabian company. In 2010, as part of a corporate restructuring exercise, Stream Environment Sdn. Bhd. (“SESB”) was established as the subsidiary company of Stream Group, and Ir Chea was appointed as General Manager in SESB. He was appointed as the Deputy Managing Director of Stream Group in 2015. Subsequently, he was appointed as the Chief Executive Officer on 15 September 2016. His responsibilities in Stream Group have been on sales & marketing, project implementation, contract administration, financial and business development.

### TAN AI LEE

Group Legal Counsel,  
AWC

Tan Ai Lee, a Malaysian, female, aged 47, joined AWC on 15 August 2017 as Group Legal Counsel / General Manager. She graduated from University of Malaya in 1994 with LLB (Hons) Malaya and was called to the Bar in 1995. She remained in legal practice until 1998.

Thereafter she pursued her legal career in the corporate sector with Mahkota Technologies Sdn Bhd group of companies. She was promoted to head the legal department there as Senior Manager until 2009. She joined AWC Facility Solutions Berhad (now known as AWC) to pioneer its legal department as Assistant General Manager from 2009 to 2013. She then ventured into a legal partnership in Messrs Ros, Lee & Co until mid August 2017.

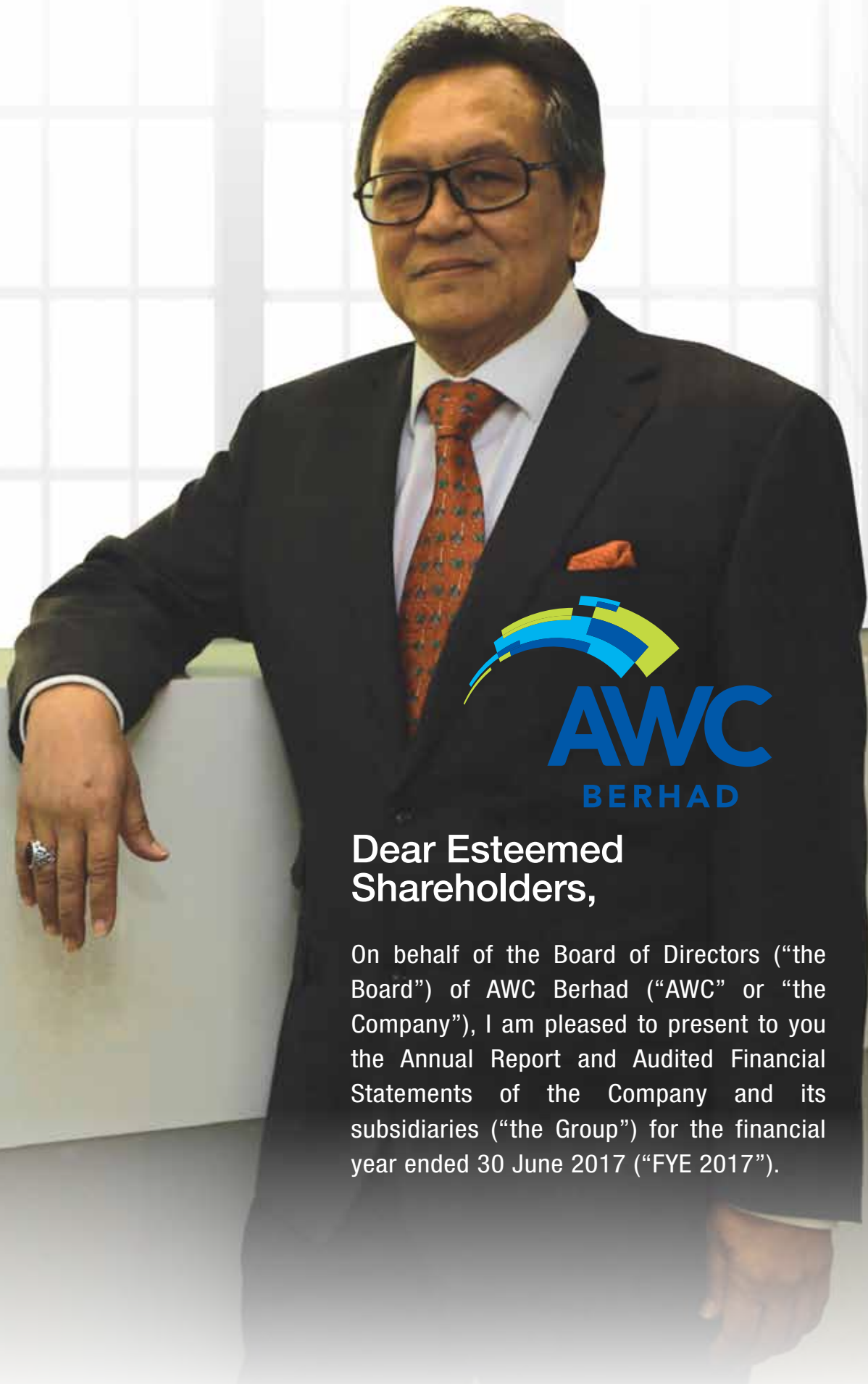
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#### Note:-

1. *None of the key senior management personnel have any family relationship with any Directors and/or major shareholders of AWC.*
2. *None of the key senior management personnel have any conflict of interests with the Company.*
3. *None of the key senior management personnel have been convicted of any offences in the past five (5) years or been imposed any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2017, other than traffic offences.*



# CHAIRMAN'S STATEMENT



## **Dear Esteemed Shareholders,**

On behalf of the Board of Directors (“the Board”) of AWC Berhad (“AWC” or “the Company”), I am pleased to present to you the Annual Report and Audited Financial Statements of the Company and its subsidiaries (“the Group”) for the financial year ended 30 June 2017 (“FYE 2017”).





# Chairman's Statement (Cont'd)

Despite a challenging operating environment, the Group has delivered landmark results driven by strong performances across our three (3) divisions - Facilities, Environment and Engineering.

## ECONOMIC REVIEW

The global economy is firming broadly as expected with business confidence improving and the World Bank projecting growth to strengthen to 2.7% for calendar year 2017 ("CY2017") supported by a recovery in manufacturing activity and global trade activities. This was in stark contrast to the calendar year 2016 that was plagued by a period of policy uncertainty, slow investment growth and slowing global trade brought on in-part by US Federal Reserve rate decisions, uncertainty of a full recovery in Chinese demand, Brexit and a surprise Trump Presidency.

Taking cue from the global economy, the Malaysian economy registered better than expected growth of 5.7% (1HCY2016: 4.1%) brought about by strong domestic demand, private sector spending and increased exports. The encouraging performance on the domestic front was also due in-part to the resurgence in global trade activities that caused favourable spill-over effects and an improved investment outlook.

The Malaysian economy is expected to achieve the official growth target of 4.3% to 4.8% in CY2017 underpinned by robust global growth, a recovery in commodity prices and domestic private and public-sector spending.

## PERFORMANCE REVIEW

For FYE 2017, the Group delivered another set of results that surpassed the record breaking results achieved in FYE 2016. The Group achieved revenue and profit after tax of RM296.5 million and RM30.9 million respectively.

The facilities division remained the mainstay of the Group and contributed 39.0% of revenue, while the engineering and environment divisions contributed 37.7% and 23.3% respectively.

Our profit before tax and zakat for FYE 2017 amounted to RM38.7 million, a growth of 30.0% compared to FYE 2016 of RM30.1 million.

The Group's profit after tax and minority interest attributable to owners of the Company (commonly referred to as PATMI) for FYE 2017 amounted to RM22.0 million, an increase of 26.1% compared to FYE 2016 of RM17.1 million.

Earnings per share for FYE 2017 amounted to 8.3 sen (FY2016: 6.9 sen, increase of 20%) per share as the Group's balance sheet remained robust, sporting a net cash position of RM62.9 million and net assets of RM141.2 million.



*Banyan Tree KL (Engineering Division).*



## Chairman's Statement (Cont'd)



*Platinum Park, KL (Engineering Division).*



*Ferringhi Residence 2 Condo (Environment Division).*

### **BEST COMPANY FOR INVESTOR RELATIONS**

During the year, we have continuously engaged with investors as well as market intermediaries in order to give them an insight into AWC. Our Investor Relations initiative was well received, and this culminated with AWC winning the “Best Micro Cap Company in Investor Relations 2016” award at the 2016 Malaysian Investor Relations (“MIRA”) Awards which were held in July 2016.

### **FOCUS MALAYSIA BEST UNDER A BILLION AWARD 2017**

In addition to the above, AWC won Focus Malaysia's Best Under a Billion Award 2017 based on seven categories, – best return on assets, revenue growth, profit growth, cash flow from operations, enterprise value growth, dividend yield and transparency. AWC won the award for “Best Enterprise Value Growth” for companies with market capitalisation between RM150 million to RM499 million.

### **EMERGENCE OF EPF AS A SUBSTANTIAL SHAREHOLDER**

The Employees Provident Fund (“EPF”) has been investing in AWC for some time. On 13 September 2017, EPF emerged as a substantial shareholder in AWC with an ownership of 13.3 million shares resulting in a 5.03% interest in AWC. We welcome EPF on board as a substantial shareholder as it is a great honour to have them. EPF has an elaborate and thorough due diligence process for their investments, therefore their presence as a substantial shareholder is a significant vote of confidence towards the Group as a noteworthy investment.

### **DIVIDEND**

On 27 February 2017, the Board declared an interim single-tier dividend of 1.0 sen per ordinary share for FYE 2017 that was paid on 5 April 2017.

The Board has recommended, subject to shareholders' approval at the forthcoming Annual General Meeting, the payment of a final single-tier dividend of 1.0 sen per ordinary share. If approved by shareholders, the total payout for the year will be 2.0 sen per ordinary share or a total payout of RM5.3 million, translating to a dividend payout ratio of 24.2%.

# Chairman's Statement (Cont'd)

## FUTURE OUTLOOK

AWC has achieved two consecutive years of record performances as all divisions delivered tremendous growth. As we look forward to the coming years, I am confident that we will be able to replicate these performances as our divisions continue to fire on all cylinders. We will work hard to sustain earnings growth as we continue to execute our RM1.1 billion outstanding orderbook and look for value accretive M&A opportunities that will create value for our shareholders and stakeholders alike.

## CONTRIBUTIONS TO SOCIETY

AWC is involved in several activities with monetary contributions and donations made to needy bodies, charitable foundations, and social welfare groups. We are planning to embark on a formalised Corporate Social Responsibility plan intended to streamline our efforts in this area on a Group wide basis, as opposed to ad-hoc contributions and efforts as in the past.

## HUMAN CAPITAL DEVELOPMENT

In line with the growth of the group from a financial point of view, our staff force has also increased. At 30 September 2017 we had approximately 1,550 staff throughout all our three divisions. The majority of this head count came from our Facilities Division. Geographically, as Malaysia is our main focus, our staff strength is primarily based in Malaysia where all our Facilities Division staff are. In addition, we have staff in Singapore and Abu Dhabi serving us in our Environment and Engineering Divisions. Our staff force is diverse in gender, ethnicity and age.

We are undertaking a detailed review of our Human Resource approach in the Group. We are formalising departmental structures, Key Performance Indicators targets, reward and compensation schemes, staff retention strategies and succession planning.

During Financial Year Ended 30 June 2016, we implemented our Employees' Share Options Scheme ("ESOS") throughout the whole group. Eligible employees and directors meeting the stated criteria as embodied in the ESOS By Laws, were offered share options under the ESOS. With the steady appreciation in our share price in the last two (2) years, the ESOS has proven to be a useful tool in employee retention and inculcating loyalty within the Group.



*Kompleks Sultan Abu Bakar Tanjung Kupang (CIQ),  
Johor (Facilities Division).*



*The Quadro, KL (Engineering Division).*





# Chairman's Statement (Cont'd)

## NOTES OF APPRECIATION

During the year, there were several changes to the Board with the resignation of Dato' Sulaiman Bin Mohd Yusof and Mr. N Chanthiran A/L Nagappan on 12 April 2017. This was followed by the appointment of Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj, Encik Ahri Bin Hashim and Mr Sureson A/L Krisnasamy to the Board of AWC, all on 12 April 2017. I would like to thank Dato' Sulaiman Bin Mohd Yusof and Mr. N Chanthiran for their sound advice and contributions throughout their tenures as Directors of AWC and wish them well in all future endeavours. To our newly appointed Directors, welcome on board and I look forward to working with them to bring further success to the Group.

On behalf of the Board, I would like to thank all our shareholders, customers, suppliers, business associates and bankers for their continuous support, trust and confidence in AWC throughout the year.

In the same vein, I would like to extend my heartfelt gratitude to the Management and staff who have worked tirelessly to achieve yet another year of record results. I sincerely believe that our people are our most valuable asset and play an important role in ensuring the Group's future success.

Last but not least, I would also like to thank my fellow Board members for their sound advice and keen guidance throughout the year. I look forward to another remarkable year together as we steer the Group to greater heights.

**DATO' NIK MOD AMIN BIN NIK ABD MAJID**  
Independent Non-Executive Chairman



# MANAGEMENT DISCUSSION & ANALYSIS

## OVERVIEW OF BUSINESS ACTIVITIES

AWC Berhad (“AWC” or “the Company”) is an investment holding company with three core activities undertaken by its subsidiaries (collectively, “the AWC Group” or “the Group”), providing Total Building Solutions in the following divisions:-

NO.	Division	CORE ACTIVITIES
1.	Facilities Division	<p>Provides integrated facilities management (“IFM”) services for the buildings and facilities maintained by the Division. This includes biomedical, facilities engineering maintenance services, security and cleaning services.</p> <p>This Division’s main source of income is derived from a Concession awarded by the Federal Government to provide IFM services to the Southern Zone (comprising states of Johor, Malacca and Negeri Sembilan) and Sarawak. In addition to the Concession, we have been contracted to undertake the Critical Asset Refurbishment Programme (“CARP”), whereby we will undertake repairs, refurbishments and replacements of critical assets as predetermined by the Federal Government in the buildings and facilities under the Concession. The tenure for both the Concession and CARP is for a ten-year period from 1 January 2016 till 31 December 2025.</p> <p>The Division also carries out IFM work for Commercial and Healthcare segments.</p> <p>The subsidiary companies operating under this Division are Ambang Wira Sdn Bhd, AW Facility Management Sdn Bhd and Environmental &amp; Landscape Services Sdn Bhd.</p>
2.	Environment Division	<p>This Division provides the design, supply, installation, testing and commissioning of automated pneumatic waste collection systems under the proprietary brand of ‘STREAM’ (“STREAM AWCS”) with on-going projects located in Malaysia, Singapore, Taiwan, Hong Kong, India and the Middle East.</p> <p>This Division also undertakes operations and maintenance (“O&amp;M”) services of its STREAM AWCS for its clientele, where required.</p> <p>The subsidiary companies operating under this Division are Stream Group Sdn Bhd (formerly known as Nexaldes Sdn Bhd), Stream Environment Sdn Bhd, Stream Environment (S) Pte Ltd, Nexaldes Sdn Bhd (Abu Dhabi), Stream Industries Sdn Bhd, Premium Patents Sdn Bhd and Stream Automated Waste W.L.L.</p>
3.	Engineering Division	<p>This Division is a distributor of several international brands of building controls and engineering components for heating, ventilation &amp; air conditioning (or commonly known by the acronym “HVAC”) systems and provider of building management systems in Malaysia and Singapore.</p> <p>The Division undertakes larger projects in the HVAC field as a contractor for the implementation of full air conditioning systems and other Mechanical and Electrical Engineering (“M&amp;E”) works for buildings and facilities.</p> <p>These activities are carried out via M&amp;C Engineering and Trading Sdn Bhd and M&amp;C Engineering and Trading (S) Pte Ltd.</p> <p>It also undertakes all types of plumbing related works including cold/hot water and sanitary plumbing, via Qudotech Sdn Bhd (“Qudotech”). Qudotech has been active in the field since 1995. Qudotech previously undertook and are currently implementing several significant projects. Another wholly owned subsidiary, DD Tehniche Sdn Bhd (“DDT”) holds two exclusive dealerships for the distribution of Rainwater Harvesting Components and Products (“RHCP”) in Malaysia. DDT undertakes the design, supply and installation of RHCP for all new and refurbished buildings.</p> <p>The plumbing and RHCP businesses are carried out via Qudotech and DDT.</p>



# Management

## Discussion & Analysis (Cont'd)

### OBJECTIVES & STRATEGIES

The Group's long-term objective is to be a leading, Malaysian-grown, engineering services group in Asia providing Total Building Solutions. Our objective is balanced with a commitment towards environmental conservation and protection in everything we do.

In line with our overall objectives, we have set out shorter-term goals for the Group and for each Division. These are defined in our business plans while annual targets and priorities are underlined in our annual budget. Our business plans include amongst others:-

- a) Analysis of current business environment together with commercial updates and unique challenges experienced by each Division. We analyse the outlook, challenges and prospects for the immediate future (i.e. the next two financial years), and prospects beyond that, both from an operational and financial point of view. With our assessment of the future in hand, we then strategize our way forward to best face the challenges and also to take advantage of opportunities that may present themselves.
- b) Divisional objectives together with the corresponding strategic directions and action plans to be embarked upon to:-
  - i. achieve the prescribed targets and goals.
  - ii. address the specific circumstances and challenges affecting each Division in achieving those targets and goals.
- c) An assessment of various risks associated with each Division and the overall Group, and also of controls in place or planned to address or mitigate these risks.
- d) Assessment and justification of requirements envisaged to undertake the business plan and towards achieving set objectives.
- e) Action plans to be undertaken to head in the appropriate direction or to achieve set objectives.
- f) Clearly defined management accountabilities and operational responsibilities.
- g) Proposed timeline for the implementation and achievement where relevant of each strategic direction and action plan.
- h) A framework for the control and monitoring of the progress of every strategic direction and action plan implemented. This would enable us to vary and/or re-strategize our action plans to take into account the situation on the ground.

The annual budget exercise deals with the above matters but goes into more depth looking at contemporary business conditions and updates. We regularly review the Income Statement and Balance Sheet on a detailed basis for each Division and subsidiary. We cover revenue (current and projected), progress of projects, operational issues and costing related matters. In reviewing projected revenue, we constantly assess our order book and project pipeline (i.e. potential projects) and cross-selling opportunities within the Group. The Board is regularly updated at Board meetings regarding the financial performance of the Group and individual Divisions against the budget approved, as well as against the previous financial year.

Where necessary, our budget (and our business plan) would be revised to accommodate the latest social economic developments and business updates.



# Management Discussion & Analysis (Cont'd)

## REVIEW OF FINANCIAL RESULTS

### The Group

This has indeed been an eventful year for the Group. We surpassed last year's achievements and delivered yet another year of record results as profit-after-tax (PAT) amounted to RM30.9 million on the back of an impressive revenue top-line of RM296.5 million. Profit attributable to shareholders of the company (commonly referred to as PATMI or Profit After Tax After Minority Interests) correspondingly grew to RM22.0 million for FY17. The market recognised our capabilities and strengths as our market capitalisation grew to RM273.8 million as at 29 September, 2017 with an institutional shareholding of approximately 24.4%. More recently, in the month of September 2017 the Employees Provident Fund (EPF) emerged as a substantial shareholder, with a stake of 5.3% as at 29 September 2017.

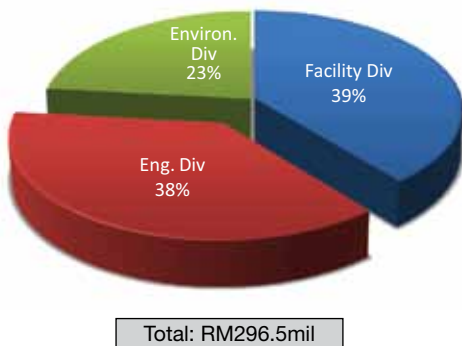
The Group was able to deliver landmark results driven by strong performances contributed by all our three (3) divisions: facilities, environment and engineering.

The Facilities division continued to be the largest contributor to Group revenue followed closely by the Engineering and Environment divisions respectively.

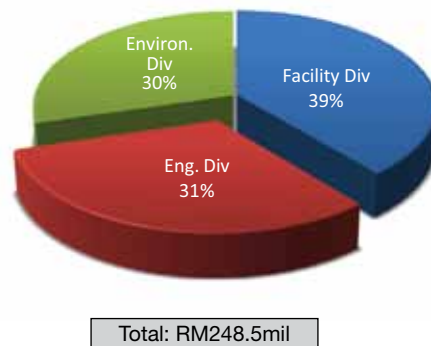
### Revenue by Division

Group revenue amounted to RM296.5 million, compared to FY2016 revenue of RM248.5 million. The improvement in the top line has been driven by strong performances across all three (3) divisions, as shown in the pie charts below:

**Revenue by Division 2017**



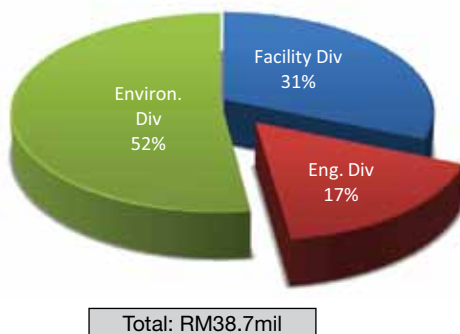
**Revenue by Division 2016**



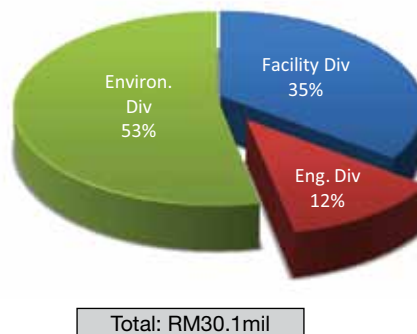
### Profit Before Tax by Division

The Group's Profit Before Tax and Zakat for FY2017 amounted to RM38.7 million (FY2016: RM30.1 million), improving in tandem with the growth in Group Revenue as contributed by strong performances across all three (3) divisions.

**PBT by Division 2017**



**PBT by Division 2016**

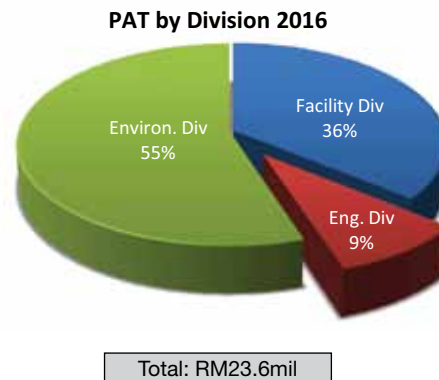
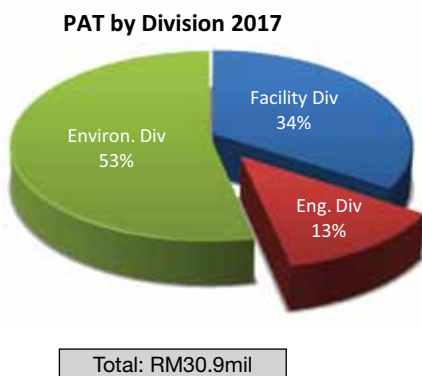




# Management Discussion & Analysis (Cont'd)

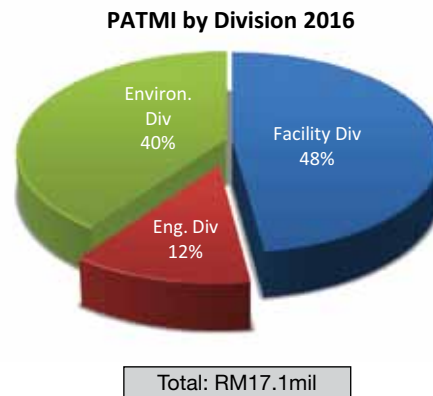
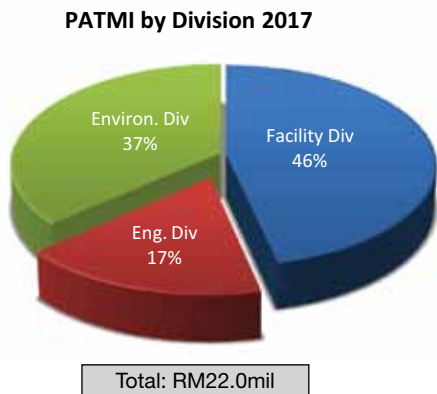
## PAT by Division

The Group's Profit After Tax amounted to RM30.9 million, a significant increase of 27.5% compared to RM23.6 million reported for FY2016. Our effective tax rate increased marginally to approximately 22.3%, from 21.4% in FY2016 due to a slight shift in income mix from a lower tax jurisdiction previously in FY16 to a higher one in FY17, specifically within the Environment division.



## PATMI by Division

The Group's PATMI for FY2017 increased to a record RM22.0 million, our highest achievement to-date as strong contributions from the Facilities and Engineering divisions reduced dependence on the Environment division.



In the ensuing sections, we analyse the financial performance of the Group for each division.

# Management Discussion & Analysis (Cont'd)

## OPERATIONS REVIEW BY DIVISION

### The Facilities Division

Revenue for the Facilities division amounted to RM115.6 million in FY2017 and contributed approximately 39% to our total Group revenue. This is a commendable improvement from the RM96.7 million achieved in FY2016 and can be attributed to several factors as follows:

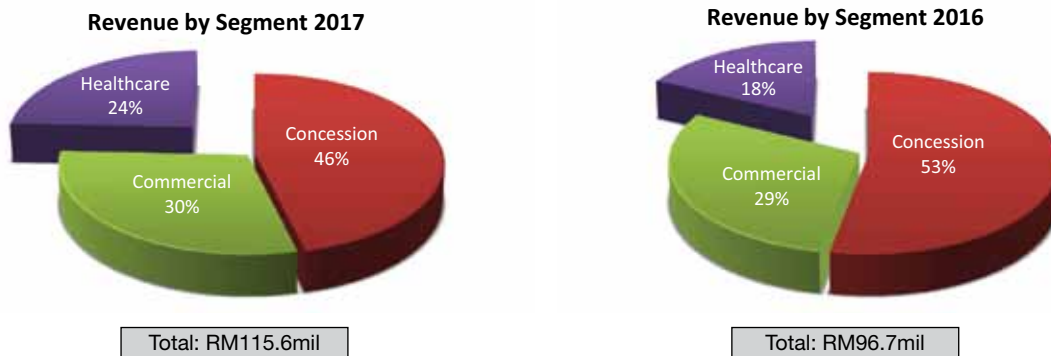
- a) The recognition of a full year renewed Concession rate effective from 1 January 2016. [Note: FY2016 recognised half a year of revised rates i.e. 1 January 2016 to 30 June 2016 whereas for FY2017 the renewed Concession rate was recognised for the full financial year]
- b) The recognition of a full year of the maintenance work for Hospital Shah Alam. [Note: FY2016 recognised four (4) months of the Hospital Shah Alam contract, whereas full year revenue from this contract was recognised in FY2017]

The business in the Facilities division is divided into three (3) segments, namely: Concession, Healthcare and Commercial.

The Concession segment contributed approximately 46% to total division revenue in FY2017 and remains a very important part of our business as it contributes a substantial amount of division revenue. That being said, we have reduced our dependence on the Concession as compared to the previous years (approximately 53% in FY2016 and 63% in FY2015) due to an overall increase in revenue contributions from the Healthcare and Commercial segments.

In the Healthcare segment, we have continued to implement the various contracts under our portfolio such as the Hospital Shah Alam (since 1 March 2016), Hospital Rehabilitasi Cheras (since 1 September 2013) and all government clinics in the State of Johor (since 1 July 2015).

In line with the revenue growth reported in the Facilities division, earnings for FY2017 improved across the board.



### The Environment Division

Revenue for the Environment division amounted to RM69.3 million for FY2017 and contributed approximately 23% to our total Group revenue. This is a slight decrease compared to RM74.3 million reported in FY2016 due to slower progress billings from various on-going projects in-line with typical civil construction timelines.

Despite the slight y-o-y decrease, the performance by the Environment division continued to be encouraging as various new contracts were secured, revenue contribution from Operation and Maintenance fees charged to customers remained steady and existing international contracts continued to gather steam. The Environment division has approximately 65 on-going projects across five countries worldwide.

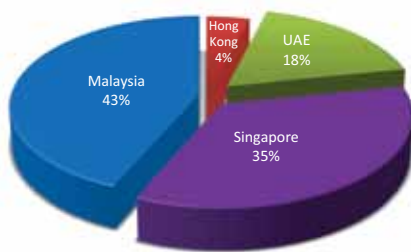


# Management Discussion & Analysis (Cont'd)

The income from operations and maintenance of the STREAM AWCS systems is derived mainly from industrial type installations, such as our installation in Maju Junction, the Johor State New Administrative Centre, several complexes for the Royal Malaysian Customs and lastly from Kuala Lumpur International Airport Terminal 2 (KLIA2). In Singapore our maintenance contracts include the Ministry of Home Affairs complex, the Police Cantonment Complex, Terminal 3 Changi Airport, Changi General Hospital, SATS In-flight Catering Centre 2, Dakota Residences, Aalto Condominium and Resorts World Sentosa.

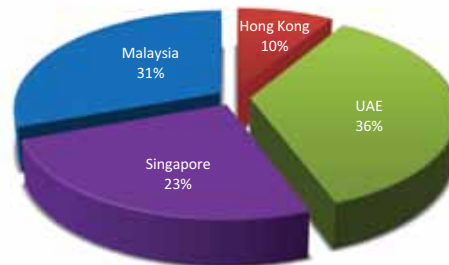
Despite the slight decrease in revenue reported in the Environment division, segment profit before tax, and profit after tax for FY2017 improved significantly due to an improvement in gross margins and recovery of certain debts that were provided for in previous financial years. The steady maintenance income derived assisted to ensure that the profitability of the division was maintained despite the drop in revenue.

**Revenue by Geographical Segment 2017**



Total: RM69.3mil

**Revenue by Geographical Segment 2016**



Total: RM73.5mil

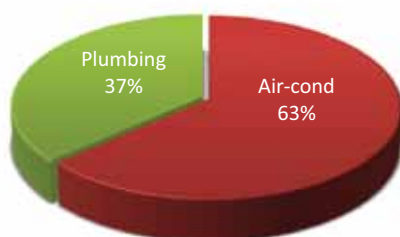
## The Engineering Division

Revenue for the Engineering division amounted to RM111.7 million for FY2017 and contributed 38% towards total Group revenue. This is a significant increase of 42.7% as compared to the RM78.3 million achieved in FY2016, and was attributable to several projects undertaken achieving good progress and nearing completion.

The acquisitions of Qudotech and DDT in October 2015 was undertaken with the provision of a profit guarantee by the vendors of these companies, for RM3.9 million per annum on a profit after tax basis, for FY2016 and FY2017 respectively. These acquisitions have proved to be a bargain purchase as Qudotech and DDT surpassed the profit guarantees for the two years with ease and contributed significantly to the growth in our Engineering division.

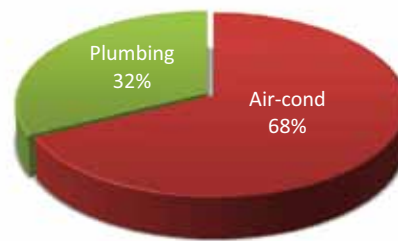
In addition to the above, the strong performances from our newly commenced air conditioning project business and our subsidiary in Singapore enabled the Engineering division to record significant revenue and segment profit before tax, and profit after tax for FY2017.

**Revenue by Segment 2017**



Total: RM111.7mil

**Revenue by Segment 2016**



Total: RM78.3mil





# Management Discussion & Analysis (Cont'd)

## FINANCIAL POSITION

As at 30 June 2017, the Group's balance sheet remained robust sporting cash reserves of RM67.7 million and borrowings of RM4.80 million translating into a net cash position of RM62.9 million.

Current assets stood at RM245.9 million compared to current liabilities of RM120.5 million. This translates to a healthy current ratio of 2.0x as trade receivables of RM134.9 million outpaced trade payables of RM43.3 million.

Total net assets amounted to RM141.2 million, or 53.0 sen per share; an increase from RM147.8 million, or 46.1 sen per share in FY2016 in line with the unprecedented financial and operational performance achieved in FY2017.

Our balance sheet remains strong and has ample working capital to carry out all the existing projects in our orderbook. The Group's businesses require minimal capital expenditure ("capex") and enables us to sustain an asset light approach. Taking account of our existing orderbook and working capital requirements, we do not intend to undertake any significant capex in the foreseeable future. That being said, we will not hesitate to leverage up to undertake ventures that are synergistic to our current businesses and are value accretive to our shareholders.

We do not foresee that there will be any significant change to AWC's capital structure, except for the impact from new shares issued in line with the exercise of the ESOS by the Group's eligible employees.

## KEY RISKS

Details of the securities for borrowings of the Group are disclosed in Note 30 to the financial statements. As disclosed in Note 36 to the financial statements, the Company had issued financial guarantees in favour of certain subsidiaries amounting to RM96.21 million.

The Group has some international operations and is exposed to a certain extent to foreign exchange risks comprising principally the Singapore Dollar, the United State Dollar and United Arab Emirates Dirham. These exposures to foreign currency fluctuations affect us both on our costs incurred as well as on revenue earned, where contracts outside Malaysia are in the respective foreign currencies. This significantly minimises the risks arising from currency fluctuations. Further information on currency exposure is set out in Note 38(a) to the financial statements.

Analysis of other key financial risks such as liquidity risk, credit risk as well as capital risk management are discussed in Note 38 to the financial statements.

## THE JOURNEY AHEAD

Having achieved an astounding RM1.1 billion worth of contracts wins during the previous financial year, FY2017 was a year of delivery as reflected in the record revenue and earnings. We expect this to be a recurrent theme in the coming financial year ("FY2018").

During FY2017, the Group secured approximately RM54.8 million worth of contracts across all three (3) divisions. These contract wins maintained our outstanding orderbook at an impressive RM1.1 billion which translates to a cover ratio of 3.7 times FY2017 revenue.

The Facilities division has an outstanding orderbook stands at approximately RM851.6 million and is expected to be carried out over a period of 8 years as the Concession and Critical Asset Refurbishment Programme ("CARP") form the mainstay of the Division.

The Environment and Engineering Divisions have a combined outstanding orderbook of approximately RM292.0 million and is expected to be carried out over a period of 4 years in-line with typical construction timelines.





# Management

## Discussion & Analysis (Cont'd)

Going forward, we remain optimistic for our environment and engineering divisions while keeping an eye on possible project delays on the backdrop of a gradual recovery in the property sector and the sustained fluctuation in commodity and currency prices. That being said, we remain positive as we expect our facilities division to remain stable as it serves as a good base and is less susceptible to economic downturns and currency fluctuations. In addition we expect to complete some of the CARP works being undertaken currently in FY2018 and this would bolster our revenue and profit performance for FY2018.

Taking into account the above factors and our impressive outstanding orderbook of RM1.1 billion, we expect to deliver a strong performance in the coming financial year.

### **Human Resource Considerations**

We continuously work towards securing the appropriate talent pool that will enable us to solidify our management team, both for the immediate and long term future. This is done throughout all our three Divisions.

AWC launched its Employee Share Option Scheme (“ESOS”), with the first offer to employees on 6 November 2015 and a subsequent offer on 15 April 2016. With the improvement in AWC’s share price since then, and with the strong order book in hand, we believe the ESOS is a good tool in garnering employee loyalty and commitment.



# CORPORATE GOVERNANCE STATEMENT

## INTRODUCTION

The Board of Directors (“Board”) of AWC Berhad (“Company”) is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (“the Group”). This is a fundamental part of discharging its duties to enhance shareholders’ value, consistent with the principles and recommendations for best practices as set out in the Malaysian Code on Corporate Governance 2012 (“Code”). In April 2017, an updated version of the Code was released by the Securities Commission Malaysia, which AWC will comply with, and which will be disclosed in next year’s Annual Report.

The Board is pleased to set out below a statement which describes the manner in which it has applied the principles of the Code and its corresponding recommendations during the financial year ended 30 June 2017.

## A. THE BOARD

### i. Board Charter

The Board Charter adopted by the Board provides guidance to the Board in its fulfillment of its roles, duties and responsibilities which are in line with the relevant legislations, regulations and the best practices of good corporate governance. The Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board as well as the relationships between the Board and the Board Committees established by the Board, and between the Independent Non-Executive Chairman and the Managing Director/Group Chief Executive Officer.

The Board Charter is subject to periodic review and will be updated as and when necessary to ensure it remains consistent with the Group’s policies and procedures, the Board’s responsibilities and changes to legislations and regulations.

The Board Charter is published in the corporate website of the Company at [http://awc.com.my/index.php/investor/investor\\_relations](http://awc.com.my/index.php/investor/investor_relations) (under Corporate Governance - Policy Disclosures).

### ii. Code of Ethics and Conduct

The Code of Ethics and Conduct which forms part of the Board Charter is to be observed by all Directors, management and employees of the Group. The Code of Ethics and Conduct stresses the key values where the Directors, management and employees of the Group are to uphold the compliance with all relevant legislations and regulations, high standards of corporate governance and integrity, transparency and accountability in the conduct of business of the Group.

The Company has also adopted a Whistleblowing Policy which provides a defined avenue and accessible reporting channels for all employees of the Group to raise concerns or disclose any improper conduct within the Group.

The Whistleblowing Policy is available on the corporate website of the Company at [http://awc.com.my/index.php/investor/investor\\_relations](http://awc.com.my/index.php/investor/investor_relations) (under Corporate Governance - Policy Disclosures).

### iii. Composition and balance of the Board

The Board currently has five (5) members, comprising one (1) Executive Director (who is the Managing Director (“MD”)/Group Chief Executive Officer (“GCEO”)), and four (4) Independent Non-Executive Directors. This complies with the requirement that a minimum of two (2) members of the Board comprises Independent Directors as stated in Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Constitution of the Company provides for a minimum of two (2) Directors and a maximum of twenty (20) Directors. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors. The composition and size of the Board are reviewed from time to time to ensure its appropriateness.



# Corporate Governance

## Statement (Cont'd)

The Board takes cognizance of the recommendation on boardroom diversity published in the Code. In line with the Code, the Board through the Nomination Committee shall accord due consideration to gender diversity, age and ethnicity in addition to skills, competencies, knowledge, experience, commitment and integrity in relation to the appointment of prospective Board members. During the financial year, the Board appointed a female director which represents twenty percent (20%) of the Board size.

#### **iv. Nomination and appointment of Directors**

The members of the Board are appointed in a formal and transparent manner as endorsed by the Code. The Nomination Committee scrutinizes the candidates put forth and where suitable, recommends the same for the Board's approval. In discharging this duty, the Nomination Committee will assess the suitability of an individual by taking into account the gender diversity and the individual's mix of skill, knowledge, expertise, experience, competencies, integrity and/or other commitments that the candidate will bring to complement the Board. During the financial year, two (2) directors who had been serving us since 9 January 2008 resigned from the Board. Subsequently three (3) new directors were appointed to the Board on 12 April 2017.

All Board members shall notify the Chairman of the Board before accepting any new directorship in other companies. The notification shall include an indication of time that will be spent on the new appointment. The Chairman shall also notify the Board if he has any new directorship or significant commitments outside the Company.

#### **v. Re-election of Directors**

In accordance with the Company's Constitution, all Directors appointed by the Board are subject to re-election by the shareholders at the Annual General Meeting ("AGM") of the Company following their appointment.

Further, at least one-third (1/3) of the Directors are required to retire from office by rotation annually and shall be eligible for re-election at each AGM.

#### **vi. Independent Non-Executive Directors**

The presence of four (4) Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent. Also, the interests of other parties such as minority shareholders are fully addressed and accorded due consideration as well as are adequately protected.

The Board had conducted an evaluation of the level of independence of the Independent Non-Executive Directors of the Company who served during the financial year ended 30 June 2017. The Board is satisfied with the level of independence demonstrated by them and their ability to act in the best interests of the Company and/or the Group.

#### **vii. Tenure of Independent Non-Executive Director**

The Board is fully aware that based on the recommendations of the Code, the tenure of an Independent Non-Executive Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Non-Executive Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Non-Executive Director, the Board shall first justify and obtain shareholders' approval on a yearly basis.

As recommended by the Nomination Committee of the Company, the Board has proposed to seek the shareholders' approval at the forthcoming AGM to retain Dato' Nik Mod Amin Bin Nik Abd Majid as Independent Non-Executive Director/Chairman of the Company. Dato' Nik Mod Amin Bin Nik Abd Majid (who would have served as Independent Non-Executive Director/Chairman of the Company for a cumulative term of nine (9) years on 31 August 2018), was proposed to continue to act as Independent Non-Executive Director/Chairman of the Company based on the following justifications:-



# Corporate Governance Statement (Cont'd)

- a. He has fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore would be able to function as a check and balance and bring an element of objectivity to the Board.
- b. He has vast experience in banking and financial industries which could provide the Board with a diverse set of experience, expertise and independent judgment.
- c. He has devoted sufficient time and attention to his responsibilities as Independent Non-Executive Director/Chairman of the Company.
- d. He understands the main drivers of the Group's business in a detailed manner.
- e. He has provided leadership to the Board members and facilitates the Board to perform its responsibilities effectively through his independent and objective chairmanship and managed the conduct and governance of the Board effectively.
- f. He has provided independent view and objective judgement in various issues raised at the Board and Board Committees meetings.
- g. He has exercised due care during his tenure as Independent Non-Executive Director/Chairman of the Company and has carried out his duties in the best interests of the Company and of the shareholders of the Company.

The proposed resolution, if passed by the shareholders of the Company at the forthcoming AGM, would allow Dato' Nik Mod Amin Bin Nik Abd Majid to continue to serve as the Independent Non-Executive Director/Chairman of the Board and as a member of the Audit Committee and Remuneration Committee.

## **viii. Evaluation of the performance of Directors and the Board as a whole**

The Board recognizes the importance of assessing the effectiveness of individual Directors, the Board and its Board Committees as a whole. The Nomination Committee is given the task of reviewing and evaluating the individual Director's performance and the effectiveness of the Board and the Board Committees on an annual basis.

During the year, the Nomination Committee had conducted an assessment of the Board and the Board Committees. The assessment was then discussed with the Board. The Nomination Committee also evaluated each individual Director's contributions to the effectiveness of the Board and to the relevant Board Committees.

## **ix. Board responsibilities**

The Group is led by an effective and experienced Board comprising of members who possess, amongst them, sound experience in business, financial matters, legal, technical knowledge and a sound background in public service.

The Board collectively leads and is responsible for the performance and affairs of the Group, including practicing a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner as well as upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board has the responsibility in leading and directing the Group towards realizing long term objectives and increasing shareholders' value. The Board retains full and effective control of the Group's strategic plans, implementing an appropriate system of risk management and ensuring the adequacy and integrity of the Group's system of internal control.

The stewardship responsibilities and duties of the Board focuses principally on strategies, financial performance and critical business decisions of the Company.



# Corporate Governance

## Statement (Cont'd)

### x. Responsibilities of the Chairman and MD/GCEO

The Chairman of the Company is an Independent and a Non-Executive member of the Board. The roles of the Independent Non-Executive Chairman and the MD/GCEO are distinct and separate to ensure there is balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board while the MD/GCEO has overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions. The MD/GCEO is accountable to the Board for the overall organization, management, and staffing of the Company and/or Group and for the procedures in financial and other matters, including conduct and discipline.

### B. BOARD COMMITTEES

The Board may from time to time establish Board Committees as considered appropriate to assist in carrying out its duties and responsibilities. The Board has delegated certain functions to the following Board Committees to assist in the execution of its responsibilities:-

- i. Audit Committee
- ii. Nomination Committee
- iii. Remuneration Committee
- iv. Employees' Share Option Scheme ("ESOS") Committee.

The Board appoints the members and Chairman of each Committee. Each Board Committee operates under clearly defined terms of reference approved by the Board.

#### i. Audit Committee

The objectives of the Audit Committee are, amongst others, providing additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures, establishing and maintaining internal controls. The Audit Committee is also tasked with reinforcing the independence of the Company's external auditors, thereby ensuring that the auditors have free reign in the audit process.

The members of the Audit Committee and the works carried out during the financial year ended 30 June 2017 are set forth in the Audit Committee Report in this Annual Report.

The term of office and performance of the Audit Committee and its members should be reviewed by the Nomination Committee annually to determine whether such Audit Committee and members have carried out their duties in accordance with the terms of reference.

#### ii. Nomination Committee

The Nomination Committee of the Company comprises the following members, all being Independent Non-Executive Directors:-

Name	Designation
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj, Chairman <i>(appointed on 17 May 2017)</i>	Independent Non-Executive Director
Sureson A/L Krisnasamy, Member <i>(appointed on 17 May 2017)</i>	Independent Non-Executive Director
Ahri Bin Hashim, Member <i>(appointed on 17 May 2017)</i>	Independent Non-Executive Director
N Chanthiran A/L Nagappan, Chairman <i>(resigned on 12 April 2017)</i>	Independent Non-Executive Director
Dato' Sulaiman Bin Mohd Yusof, Member <i>(resigned on 12 April 2017)</i>	Independent Non-Executive Director
Dato' Nik Mod Amin Bin Nik Abd Majid, Member <i>(resigned on 17 May 2017)</i>	Independent Non-Executive Chairman



# Corporate Governance

## Statement (Cont'd)

Pursuant to the terms of reference of the Nomination Committee, the main responsibilities of the Nomination Committee are as follows:-

- a. Nominate new nominees to the Board as well as Board Committees for the Board's consideration;
- b. Annually review the Board's required mix of skills, experience and other qualities, including core competencies, which the Non-Executive Directors should bring to the Board; and
- c. Annually assess the effectiveness of the Board as a whole, the Committees of the Board and the performance of the Directors of the Company both individually and collectively.

The Nomination Committee meets as and when required. The Nomination Committee met twice during the financial year under review and the activities undertaken by the Committee were as follows:

- a) Carried out the assessment and rating of the performance of each Non-Executive Director against the criteria as set out in the annual assessment form, amongst others, attendance at Board or Committee meetings, adequate preparation for Board and/or Committee meetings, regular contribution to Board or Committee meetings, personal input to the role and other contributions to the Board or Committees as a whole.
- b) Carried out the assessment and rating of the performance of the MD/GCEO against diverse key performance indicators, amongst others, financial, strategic, operations management and business plans, product development, conformance and compliance, shareholders/investors' relations, employee training and development, succession planning and personal input to the role.
- c) Assessed and evaluated the independence of the Independent Directors.
- d) Carried out an assessment on the performance of the Audit Committee and the effectiveness of the Board and its Board Committees as a whole.
- e) Identified and recommended to the Board the re-election of Mr. N. Chanthiran A/L Nagappan as Director in the last AGM held on 28 November 2016 ("Last AGM").
- f) Assessed and recommended to the Board the retention of Mr. N Chanthiran A/L Nagappan and Dato' Sulaiman Bin Mohd Yusof as Independent Non-Executive Directors.
- g) Considered and recommended to the Board for consideration, the appointment of Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj, Mr. Sureson A/L Krisnasamy and En. Ahri Bin Hashim as Independent Non-Executive Directors.

### iii. Remuneration Committee

The principal objective of the Remuneration Committee is to assist the Board in developing a policy on the remuneration packages for Directors of the Company. The Remuneration Committee also seeks to ensure that the remuneration packages commensurate with the expected responsibility and contribution by the Directors and subsequently furnishes their recommendations to the Board for adoption.

The Board shall elect the Remuneration Committee members from amongst themselves of which the majority shall comprise of Non-Executive Directors.

The members of the Remuneration Committee are as follows:-

Name	Designation
Ahri Bin Hashim, Chairman <i>(appointed on 17 May 2017)</i>	Independent Non-Executive Director
Dato' Nik Mod Amin Bin Nik Abd Majid, Member	Independent Non-Executive Chairman
Dato' Ahmad Kabeer Bin Mohamed Nagoor, Member	MD/GCEO
Dato' Sulaiman Bin Mohd Yusof, Chairman <i>(resigned on 12 April 2017)</i>	Independent Non-Executive Director



# Corporate Governance

## Statement (Cont'd)

### iv. ESOS Committee

The principal role of the ESOS Committee is to oversee the administration and management of the ESOS of the Company in accordance to the bylaws of the ESOS.

The Board shall elect the ESOS Committee members from amongst themselves and/or members of the senior management.

The members of the ESOS Committee are as follows:-

Name	Designation
Dato' Ahmad Kabeer Bin Mohamed Nagoor, Chairman	MD/GCEO
Sureson A/L Krisnasamy, Member <i>(appointed on 17 May 2017)</i>	Independent Non-Executive Director
N Chanthiran A/L Nagappan, Member <i>(resigned on 12 April 2017)</i>	Independent Non-Executive Director
Tevanaigam Randy Chitty, Member	Chief Financial Officer

### C. BOARD PROCESSES

#### i. Board meetings

The Board meets at least four (4) times a year, with additional meetings to be convened whenever necessary. During the financial year under review, five (5) Board meetings were held and the attendance of the Directors is set below:

Name of Directors	Attendance
Dato' Nik Mod Amin Bin Nik Abd Majid, Chairman	5/5
Dato' Ahmad Kabeer Bin Mohamed Nagoor	5/5
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj <i>(appointed on 12 April 2017)</i>	1/1
Sureson A/L Krisnasamy <i>(appointed on 12 April 2017)</i>	1/1
Ahri Bin Hashim <i>(appointed on 12 April 2017)</i>	1/1
Dato' Sulaiman Bin Mohd Yusof <i>(resigned on 12 April 2017)</i>	4/4
N Chanthiran A/L Nagappan <i>(resigned on 12 April 2017)</i>	4/4

The Directors receive notices of meetings, typically at least three (3) working days prior to the date of the meeting, setting out the agenda for the meetings, complete with a full set of Board Papers. The Board Papers provide sufficient detail of matters to be deliberated during the meeting and the information provided is not confined to financial data but also other non-financial information, both quantitative and qualitative, which is deemed critical for the Directors' knowledge and information in arriving at a sound and informed decision.

Minutes of Board meetings together with decisions made by way of circular resolutions passed are duly recorded and properly kept by the Company Secretary.



# Corporate Governance Statement (Cont'd)

## ii. Directors' Training

All the three (3) newly appointed Directors have successfully completed the Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia Securities Berhad. They have also attended the in-house orientation programme to familiarize themselves with the Group's operations.

In addition to the MAP as required by Bursa Malaysia Securities Berhad, the Directors are encouraged to attend relevant seminars and training programmes as appropriate to equip themselves with the knowledge to effectively discharge their duties as Directors. The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programmes.

The Directors also receive briefing on relevant new laws, rules and regulations and changes in accounting standards at the Board/Board Committees meetings.

Dato' Nik Mod Amin Bin Nik Abd Majid and Dato' Ahmad Kabeer Bin Mohamed Nagoor did not attend any trainings during the financial year as there were no suitable trainings that suited their busy work schedules.

## iii. Directors' Remuneration

The Board through the Remuneration Committee established formal and transparent remuneration policies and procedures to attract and retain Directors.

The Board will determine the level of remuneration of Board members, taking into consideration the recommendations of the Remuneration Committee for the MD/GCEO and/or Executive Board members (if any). No Director other than the MD/GCEO and/or Executive Directors (if any) shall have a service contract with the Company.

Non-Executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in Board Committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by way of a commission on or percentage of profits or turnover.

The remuneration of the Directors for the Company and the Group for the financial year under review are as follows:

### The Company

Directors	Fees (RM)	Salaries & Benefits in Kind (RM)	Bonuses (RM)	Total (RM)
Executive Director	–	–	–	–
Non-Executive Directors	111,600	4,000	–	115,600
<b>TOTAL</b>	<b>111,600</b>	<b>4,000</b>	<b>–</b>	<b>115,600</b>

Range of remuneration	Executive	Non-Executive
Below RM50,000	–	5





# Corporate Governance

## Statement (Cont'd)

### The Group

Directors	Fees (RM)	Salaries & Benefits in Kind (RM)	Bonuses (RM)	Total (RM)
Executive Director	–	2,325,591	1,200,000	3,525,591
Non-Executive Directors	241,600	6,000	–	247,600
<b>TOTAL</b>	<b>241,600</b>	<b>2,331,591</b>	<b>1,200,000</b>	<b>3,773,191</b>

Range of remuneration	Executive	Non-Executive
Below RM50,000	–	5
RM100,001 to RM150,000	–	1
RM3,500,001 to RM3,550,000	1	–

The Board determines the fees of all Directors, including the Non-Executive Directors. The Directors' fees are endorsed by the Board for approval by the shareholders of the Company at the AGM. Directors do not participate in decisions regarding their own remuneration packages.

#### iv. Access to information and independent advice

The Directors have unrestricted access to the advice and services of the Company Secretary and senior management in the Group. The Directors also have access to the Internal and External Auditors of the Group, without the presence of the management to seek explanations or additional information.

The Directors, collectively or individually, may seek independent professional advice and information in the furtherance of their duties at the Company's expense, so as to ensure the Directors are able to make independent and informed decisions.

#### v. Investor relations and shareholders communication

The Board values the importance of timely and equal dissemination of information on major developments of the Group to the shareholders, potential investors and the general public. Quarterly results, announcements, analyst briefings, annual reports and circulars serve as primary means of dissemination of information so that the shareholders are constantly kept abreast of the Group's progress and developments. The Company's corporate website at [www.awc.com.my](http://www.awc.com.my) serves as one of the most convenient ways for shareholders and public to gain access to corporate information, news and events relating to the Group.

The Board will ensure that the general meetings of the Company are conducted in an efficient manner and serve as a mode in shareholders communication. These include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the general meetings.

The AGM remains as a principal forum used by the Company for communication with its shareholders. During the AGM, shareholders are accorded time and opportunity to query the Board on the resolutions being proposed and also matters relating to the performance, developments and directions of the Group. Shareholders are also invited to convey and share their inputs with the Board.

All resolutions set out in the Notice of the AGM were put to vote by way of poll and validated by an independent scrutineer. A summary of the key matters discussed at the AGM will be published on the Company's website for the shareholders' information, if any.



# Corporate Governance Statement (Cont'd)

## **D. ACCOUNTABILITY AND AUDIT**

### **i. Financial reporting**

The Board has overall responsibility for the quality and completeness of the financial statements of the Company and the Group, both quarterly and for the full year. The Board also has a duty to ensure that these financial statements are prepared based on appropriate and consistent application of accounting policies, supported by reasonably prudent judgment and estimates and in accordance with the applicable financial reporting standards.

The Board emphasizes the regular reporting of financial results and operational performance at timely intervals. Systems are also in place within the Group to facilitate output of materially accurate and timely financial data. The systems also accommodate production of relevant reports for measurement of performance against prescribed targets and post-mortem reviews of key result areas as well as supporting benchmarking processes for upcoming years.

The Audit Committee plays a crucial role in assisting the Board to scrutinize the information for disclosure to shareholders to ensure accuracy, adequacy and timeliness.

### **ii. Internal control and risk management**

The Board also takes cognizance of its responsibility for identifying, isolating and managing significant risks within the business environment in which the Group operates. The Board is aware of its responsibility in ensuring the effectiveness and adequacy of the internal control system to address management, financial, operational, management information systems and compliance risks within the ambit of applicable laws, regulations, directives and guidelines.

The Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the Board that the processes have been carried out.

The Audit Committee has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The activities of the outsourced internal auditors are reported regularly to the Audit Committee which provides the Board with the required assurance in relation to the adequacy and integrity of the Group's system of internal controls.

Recognizing that the internal control systems must continuously improve to meet the challenging business environment, the Board will continue to take appropriate action plans to strengthen the Group's internal control system.

### **iii. Relationship with Auditors**

The Group has established a transparent and appropriate relationship with the Internal Auditors and External Auditors. Such relationship allows the Group to seek professional advice on matters relating to compliance and corporate governance.

The internal audit function of the Group is outsourced to a third party. Similar to the External Auditors, Internal Auditors too have direct reporting access to the Board and the Audit Committee to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the Management.

The Audit Committee undertakes an annual review of the suitability and independence of the External Auditors. Having assessed their performance, the Audit Committee will make its recommendation to the Board for reappointment, upon which the shareholders' approval will be sought at the AGM of the Company.



# Corporate Governance

## Statement (Cont'd)

### iv. Corporate Disclosure Policy

The Board is committed in providing effective communication to its shareholders and general public regarding the business, operations and financial performance of the Group and where necessary, information filed with regulators in accordance with all applicable legal and regulatory requirements.

The Company adopted a formal Corporate Disclosure Policy to promote comprehensive, accurate and timely disclosures pertaining to the Company and the Group to regulators, shareholders and stakeholders.

### E. COMPANY SECRETARY

The Board appoints the Company Secretary, who plays an important advisory role, and in ensuring that the Company Secretary fulfils the functions for which she has been appointed.

The Company Secretary is a central source of information, she provides advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

All Board members, particularly the Chairman, have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the businesses. The Board recognizes the fact that the Company Secretary is suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretary to the Board in the discharge of her functions.

### F. DIRECTORS' RESPONSIBILITY STATEMENT IN RELATION TO THE FINANCIAL STATEMENTS

It is the Directors' responsibility to prepare the financial statements which give a true and fair view of the state of affairs of the Company and the Group as at end of the financial year and of their results and their cash flows for the year then ended.

In preparing the financial statements for the financial year ended 30 June 2017, the Directors have taken steps to ensure that:

- The Company and the Group have used and consistently applied appropriate accounting policies;
- The judgments and estimates made have been made with reasonableness and prudence; and
- All approved and adopted financial reporting standards which are applicable in Malaysia have been duly complied with.

The Directors are responsible for ensuring that the Company maintains proper accounting records in compliance with the Companies Act 2016, which disclose with a reasonable degree of accuracy the financial position of the Company and the Group.

The Directors also have general responsibilities for taking reasonable steps towards safeguarding the assets of the Group, and to prevent and detect fraud and other irregularities.

### G. STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

The Company is committed to achieving high standards of corporate governance throughout the Company and the Group and highest level of integrity and ethical standards in all of its business dealings.

The Board will continue to strive for the full compliance with the Code in the coming financial year.



# AUDIT COMMITTEE REPORT

## A. OBJECTIVES

The Audit Committee (“the Committee”) was established with the primary objective of providing additional assurance to the Board of Directors (“Board”) in respect of all financial matters. This is done by giving an objective and independent review of financial, operational and administrative controls and procedures, including establishing and maintaining internal controls. This helps to reinforce the independence of the Company’s External Auditors, thereby ensuring that they have free reign in the audit process.

The current members of the Committee are as follows:

Members	Designation
Sureson A/L Krisnasamy, Chairman	Independent Non-Executive Director
Dato’ Nik Mod Amin Bin Abd Majid, Member	Independent Non-Executive Chairman
Ahri Bin Hashim, Member	Independent Non-Executive Director

The Company has complied with Paragraph 15.09 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), which requires all members of the Committee to be Non-Executive Directors with a majority of them being Independent Directors. As shown above, all members of the Committee are Independent Directors.

The Terms of Reference of the Committee can be accessed from the corporate website of the Company at [http://awc.com.my/index.php/investor/investor\\_relations](http://awc.com.my/index.php/investor/investor_relations) (under Corporate Governance - Policy Disclosures).

## B. SUMMARY OF WORKS DURING THE FINANCIAL YEAR

During the financial year, the Committee held a total of five (5) meetings. Details of attendance of the Committee members are as follows:-

Committee Members	Attendance
Sureson A/L Krisnasamy, Chairman <i>(appointed on 17 May 2017)</i>	1/1
Dato’ Nik Mod Amin Bin Nik Abd Majid	5/5
Ahri Bin Hashim <i>(appointed on 17 May 2017)</i>	1/1
Dato’ Sulaiman Bin Mohd Yusof <i>(resigned on 12 April 2017)</i>	4/4
N Chanthiran A/L Nagappan, Chairman <i>(resigned on 12 April 2017)</i>	4/4

The presence of the External Auditors and/or the Internal Auditors at the Committee meetings can be requested if required by the Committee. Other members of the Board and officers of the Company and the Group may attend the meeting (specific to the relevant meeting and to the matters being discussed) upon the invitation of the Committee.



# Audit Committee Report (Cont'd)

The summary of the works undertaken by the Committee during the financial year ended 30 June 2017, amongst others, included the following:-

- i. In overseeing the Company's financial reporting, reviewed the four (4) quarterly financial results and annual audited financial statements of the Group and the Company including the announcements pertaining thereto. Discussion focused particularly on any change in accounting policies and practices, significant adjustments arising from the audit and compliance with accounting standards and other legal requirements before recommending to the Board for approval and release of the announcements to Bursa Securities;
- ii. Reviewed with the External Auditors, the audit plan and scope of the statutory audit of the Company's financial statements for the financial year ended 30 June 2017 before the audit commenced to ensure that the scope of the external audit is comprehensive;
- iii. Reviewed with the External Auditors, the annual audited financial statements of the Company and the Group and issues arising from the audit of the financial statements highlighted in the External Auditors' management letter and the management's responses thereon;
- iv. Considered and recommended the re-appointment of Messrs. Morison Anuarul Azizan Chew as the External Auditors and their audit fee to the Board for consideration based on the competency, efficiency and transparency as demonstrated by the Auditors during their audit;
- v. Reviewed with the Internal Auditor, the internal audit plan to ensure the adequacy of the scope, functions and resources and that it has the necessary authority to carry out its work;
- vi. Reviewed the reports for the internal audit function and considered the findings of internal audit investigations and management responses thereon, and ensure that appropriate actions are taken on the recommendations raised by the Internal Auditors;
- vii. Reviewed if there were any related party transactions and/or recurrent related party transactions that transpired within the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms;
- viii. Reviewed the Audit Committee Report, Corporate Governance Statement, Statement on Risk Management and Internal Control as well as Additional Compliance Information to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval for inclusion in the Company's Annual Report;
- ix. Self-appraised the performance of the Committee for the financial year ended 30 June 2016 and submit the evaluation to the Nomination Committee for assessment; and
- x. Reviewed the verification of the options granted under the Employees' Share Option Scheme of the Company for the financial year ended 30 June 2016.

## C. INTERNAL AUDIT ("IA") FUNCTION

### i. Appointment

The Group has appointed an outsourced IA service provider to carry out the IA function, namely Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling"). The outsourced Internal Auditors report directly to the Committee, providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the Internal Audit function. The purpose of the IA function is to provide the Board, through the Committee, assurance of the effectiveness of the system of internal control of the designated entities of the Group.



# Audit Committee Report (Cont'd)

## ii. IA Activities

The IA reporting can broadly be segregated into three main areas as follow:-

### a. IA Plan for the Group

At the beginning of the financial year, the IA Plan for the Group is presented to the Committee by Sterling for discussion and approval. The Committee would then recommend the same to the Board of Directors for adoption.

### b. Regular IA Reports

IA reports are reviewed and adopted by the Committee on a quarterly basis. During the financial year, Sterling has reviewed critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the major subsidiaries and recommended possible improvements to the internal control process. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.

### c. Follow-up Reports

In addition, the Internal Auditors followed-up on the implementation of recommendations from prior IA visits and updated the Committee on the status of Management-agreed action plans.

## iii. Total costs incurred for the financial year

The total costs incurred for the IA function of the Group for the financial year ended 30 June 2017 was RM62,040.

## iv. Review of IA Function

For the financial year ended 30 June 2017, the Committee noted that the IA function is independent and Sterling has performed their audit assignments with impartiality, proficiency and due professional care.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“**the Board**”) of AWC Berhad (“**the Company**”) is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and the internal control systems of the Group for the financial year ended 30 June 2017 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Main LR**”), Malaysian Code on Corporate Governance 2012 (“**MCCG 2012**”) and “Statement on Internal Control and Risk Management: Guidance for Directors of Public Listed Companies”.

## BOARD’S RESPONSIBILITIES

The Board acknowledges its overall responsibility for maintaining a sound internal control system for the Group to safeguard shareholders’ investments and the Group’s assets, and to discharge their stewardship responsibilities in identifying risks and ensuring the implementation of appropriate systems to manage these risks in accordance with the best practices of the Malaysian Code on Corporate Governance.

However, due to the limitations that are inherent in any system of internal control, the Group’s system of internal control is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, it only provides reasonable but not absolute assurance against material misstatement or loss.

## RISK MANAGEMENT FRAMEWORK

The Board recognizes that the management of core risks is an integral and critical part of the day-to-day operations of the Group. The experience, knowledge and expertise to identify and manage such risks throughout the financial year under review enables the Group to make cautious, mindful and well-informed decisions through formulation and implementation of requisite action plans and monitoring regime which are imperative in ensuring the accomplishment of the Group’s objectives.

The Board confirms that there is an on-going process of identifying, assessing and responding to risks for achieving the objectives of the Group for the financial year under review. The process is in place for the year under review and up to the date of issuance of the Statement on Risk Management and Internal Control.

As part of the Risk Management process, a Registry of Risk and the Risk Management Handbook were adopted. The Registry of Risk is maintained to identify principal business risk and updated for on-going changes in the risk profile. The Risk Management Handbook summarizes risk management methodology, approach and processes, roles and responsibilities, and various risk management concept. The respective risk owners are accountable to identify risks and to ensure that adequate control systems are implemented to mitigate risks faced by the Group. The process of identifying, evaluating, monitoring and managing risks is embedded in various work processes and procedures of the respective operational functions and management team.



# Statement on Risk Management and Internal Control (Cont'd)

## THE INTERNAL AUDIT FUNCTION

The internal audit function had been outsourced to Sterling Business Alignment Consulting Sdn Bhd (“the Internal Auditors” or “Sterling”), a third party professional internal audit service firm which is independent of the operations and activities of the Group. The Internal Auditors is also independent of the Board and management, and reports directly to the Audit Committee. In discharging its obligations and duties pursuant to its appointment, the Internal Auditors undertakes rigorous, objective, independent and systematic reviews of the systems of internal control. Following the assessment, the Internal Auditors provides reasonable and continuous assurance on the satisfactory operation and effectiveness of the Group’s system of internal controls. Purpose of the comprehensive process is to identify existing shortcomings and potential pitfalls which would eventually be brought to the attention of the Board and rectification measures would be proposed and recommended.

The Internal Auditors submits its reports to the Audit Committee every quarter and the findings are tabled at the corresponding quarterly meetings. Issues arising thereto and shortfalls in internal controls are reviewed, deliberated at length and acted upon by the Audit Committee for remedial action. Where necessary, affirmative steps and measures will be introduced and initiated to address, mitigate, manage and arrest identified risks. Current internal controls measures will also be further strengthened with compensating controls and appropriate check and balance mechanism, if required. Internal audit schedule and timetable for subsequent periods are tabled to the Audit Committee, outlining the entities which will be subject to next internal audit exercise and framework of the internal audit plan. Core internal audit scope and critical areas are also emphasised while internal audit issues highlighted in the preceding internal audit reports together with the progress and updates of the corresponding follow up works are also considered at length.

For the financial year ended 30th June 2017, four (4) internal audit reviews and four (4) follow up reviews had been carried out by Sterling:-

Financial Reporting Quarter	Reporting Month	Name of Entity Audited	Audited Areas
1 <sup>st</sup> Quarter (July 2016 – Sept 2016)	Nov 2016	<u>Engineering Division</u> Qudotech Sdn Bhd	Internal Audit Review <ul style="list-style-type: none"> <li>• Project Management</li> </ul> <p>Follow-up actions on previously reported audit findings.</p>
2 <sup>nd</sup> Quarter (Oct 2016 – Dec 2016)	Feb 2017	<u>Engineering Division</u> M & C Engineering and Trading (S) Pte Ltd	Internal Audit Review <ul style="list-style-type: none"> <li>• Inventory Management</li> <li>• Procurement</li> <li>• Finance and Accounts</li> </ul> <p>Follow-up actions on previously reported audit findings.</p>
3 <sup>rd</sup> Quarter (Jan 2017 – March 2017)	May 2017	<u>Environment Division</u> Stream Environment Sdn. Bhd.	Internal Audit Review <ul style="list-style-type: none"> <li>• Project Management</li> <li>• Human Resources</li> <li>• Administrative</li> <li>• Finance and Accounts</li> </ul> <p>Follow-up actions on previously reported audit findings.</p>
4 <sup>th</sup> Quarter (Apr 2017 – June 2017)	Aug 2017	<u>Facilities Division</u> Ambang Wira Sdn Bhd	Internal Audit Review Management Information and System (MIS) <ul style="list-style-type: none"> <li>• Risk Management review</li> </ul> <p>Follow-up actions on previously reported audit findings.</p>



# Statement on Risk Management and Internal Control (Cont'd)

## OTHER KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROLS

The following are the key elements of the Group's current internal controls:

- **Independence of the Audit Committee**

The Audit Committee comprises wholly of independent and non-executive directors from various backgrounds and qualifications who bring a vast amount of commercial experience, technical expertise, industry insight and business knowledge. The Audit Committee also enjoys full and unrestricted access to both the external and internal auditors. The Audit Committee assesses the adequacy and effectiveness of enacted internal control procedures during the financial year. The Audit Committee regularly reviews the internal control issues identified and highlighted by the Internal Auditors, external Auditors and occasionally by the management team in their quarterly reports. The internal audit reviews conducted revealed that none of the weaknesses or shortfall noted has resulted and/or give rise to any material losses, contingencies and/or uncertainties that would require a separate disclosure in this annual report. A detailed review of the activities of the Audit Committee over the course of the financial year is set out in the Audit Committee Report.

- **Clearly defined organisational structure**

The organisational structure of the Group is well-defined with appropriate terms of reference, job functions and description in place for the Managing Director / Group Chief Executive Officer, Executive Directors and other senior management staff of the Group. Organisational charts, job bands and reporting lines within the Group are clearly set out with regular feedback and formal communication between individual subsidiaries and senior management staff at the holding company.

In addition to the Audit Committee, the Board is also supported by several Board level committees in discharging its duties.

- **Clearly defined policies and procedures and authority limits**

The terms of references, responsibilities and authority limits of the various committees, the Managing Director / Group Chief Executive Officer, Executive Directors and other senior management staff of the Group are clearly defined to achieve an effective check and balance, promote accountability, transparency, responsibility, operational efficiency and good corporate governance.

These terms of references, responsibilities and authority limits are formally documented in official documents such as the Group Authority Manual, Procurement Manual, AWC Employee Handbook and various Standard Operating Procedures and Guidelines.

- **Regular performance review**

The Board emphasises on regular reporting of financial results and operational performance at timely intervals to ensure subsistence of managerial controls and consistent exercise of performance review processes. Systems are also in place within the Group to facilitate output of materially accurate and timely financial data. The systems also accommodate production of relevant reports for measurement of performance against prescribed targets and post-mortem reviews of key result areas as well as supporting benchmarking processes for upcoming years. Budgets and management reports of subsidiaries are reviewed by the senior management team and are thereafter tabled to the Board for consideration, comments, corrective inputs and adoption.



# Statement on Risk Management and Internal Control (Cont'd)

- **Reviews with the external auditors**

The annual statutory audit of the Group by the external auditors also includes a general review of the internal control systems of the Group, pursuant to the scope set out in Recommended Practice Guide (“RPG”) 5 (Revised 2015) and Guidance for Auditors on Engagements to Report on Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for FY2017. Weaknesses, limitations and deficiencies are identified via Management Letters and proposals for appropriate remedies are presented for consideration by the Board. In addition, material concerns are also highlighted, tabled and discussed with the Audit Committee.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Directors’ Statement on Risk Management and Internal Control covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

## **ASSURANCE TO THE BOARD**

The Managing Director/Group Chief Executive Officer and the Chief Financial Officer are responsible for ensuring that the Group’s risk management and internal control processes are systematically assessed and continuously improved by means of independent and objective evaluations.

The Board has been assured by the Managing Director/Group Chief Executive Officer and the Chief Financial Officer that these processes are adequately established and effectively implemented, and nothing has come to their attention which may render the financial results presented and information provided to be false and misleading in any material respect.

The Board and Management will continue to take necessary measure to strengthen the control environment and monitor the effectiveness of the internal control framework of the Group.

This Statement is made in accordance with the resolution of the Board of Directors dated 16 October 2017.



# ADDITIONAL COMPLIANCE INFORMATION

## 1. Utilisation of proceeds from corporate exercises

No corporate exercise involving fund raising was carried out during the financial year ended 30 June 2017 ("FYE 2017").

## 2. Audit and Non-audit fees

The amount of audit and non-audit fees paid/payable to the External Auditors by the Company and the Group for the FYE 2017 are as follows:-

	Company RM	Group RM
Audit Fee	50,000	316,443
Non - Audit Fee	20,000	20,000

## 3. Material contracts involving directors and major shareholders' interest

There was no material contract entered into by the Company and/or its subsidiaries, involving directors and/or major shareholders' interest during the financial year.

## 4. Recurrent related party transactions

The list of recurrent related party transactions of a revenue or trading nature entered into by the Group is disclosed in Note 37 to the financial statements. For the FYE 2017, no shareholder mandate was required for the recurrent related party transactions of a revenue or trading nature entered into by the Group pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## 5. Employee Share Option Scheme ("ESOS")

The ESOS of the Company for eligible Directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries) ("Group") was approved by the shareholders of the Company at an Extraordinary General Meeting held on 1 October 2015. The ESOS is for a duration of 5 years commencing from the date of implementation of the ESOS on 9 October 2015 and expiring on 8 October 2020.

The aggregate maximum allocation of ESOS to Directors and Senior Management of the Group shall not exceed 70% of the total number of new ordinary shares of in AWC Berhad to be issued under ESOS.

There were no options granted under the ESOS during the FYE 2017.

The actual allocation of ESOS to Directors and Senior Management since the commencement of the ESOS, is 55%.

Details of the ESOS of the Company as at 30 June 2017 are as follows:-

	Total Granted to Eligible Employees and Directors	Directors
Total number of options granted at exercise price of		
- 33.6 sen	23,442,100	4,700,000
- 42.3 sen	5,709,000	-
Total number of options exercised at exercise price of		
- 33.6 sen	6,498,100	840,000
- 42.3 sen	986,200	-
Total number of options outstanding	21,666,800	3,860,000



## Additional Compliance Information (Cont'd)

No options were granted under the ESOS to Non-Executive Directors of the Company during the FYE 2017. The number of options exercised by Non-Executive Directors of the Company during FYE 2017 are as follows:-

<b>Non-Executive Director</b>	<b>Amount of options granted as at 1 July 2016</b>	<b>Amount of Options Exercised during FYE 2017</b>
Dato' Nik Mod Amin Bin Nik Abd Majid	500,000	-
Dato' Sulaiman Bin Mohd Yusof <i>(resigned on 12 April 2017)</i>	300,000	240,000
N Chanthiran A/L Nagappan <i>(resigned on 12 April 2017)</i>	300,000	240,000

# Financial Statements

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# DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

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

## FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	30,901,630	11,951,268
<hr/>		
Attributable to:		
Owners of the Company	22,018,862	11,951,268
Non-controlling interests	8,882,768	–
	30,901,630	11,951,268

## DIVIDENDS

Since the end of the previous financial year, the Company paid:

In respect of the financial year ended 30 June 2016 as reported in the Directors' Report of that year:

Final single tier dividend of 1.0 sen on 259,960,422 ordinary shares, approved by the shareholders on 28 November 2016 and paid on 10 January 2017	RM2,599,604
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In respect of the financial year ended 30 June 2017:

Single tier interim dividend of 1.0 sen on 261,448,272 ordinary shares, declared on 27 February 2017 and paid on 5 April 2017	RM2,614,483
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At the forthcoming Annual General Meeting, a final single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2017 will be proposed for shareholders' approval.



# Directors' Report (Cont'd)

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company had been increased from 261,476,452 to 266,657,422 ordinary shares for cash pursuant to the Company's Employees' Share Option Scheme ("ESOS") at exercise price of between RM0.336 to RM0.423 per ordinary share.

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

There were no issuance of debentures by the Company during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year under review.

## TREASURY SHARES

As at 30 June 2017, the Company held as treasury shares a total of 3,326,800 (2016: 3,326,800) of its 266,657,422 (2016: 261,476,452) issued ordinary shares. Such treasury shares are held at a carrying amount of RM855,221 (2016: RM855,221). Details of the treasury shares are disclosed in Note 24(b) to the financial statements.

## DIRECTORS

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

Dato' Nik Mod Amin bin Nik Abd Majid	
Dato' Ahmad Kabeer bin Mohamed Nagoor	
Tunku Puan Sri Dato' Hajjah Noor Hayati	
Binti Tunku Abdul Rahman Putra Al-Haj	(Appointed on 12.04.2017)
Ahri Bin Hashim	(Appointed on 12.04.2017)
Sureson A/L Krisnasamy	(Appointed on 12.04.2017)
Dato' Sulaiman bin Mohd Yusof	(Resigned on 12.04.2017)
N Chanthiran A/L Nagappan	(Resigned on 12.04.2017)





# Directors' Report (Cont'd)

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

	As at 1.7.2016	No. of Ordinary Shares		As at 30.6.2017
		Acquired	Disposed	
<b>The Company</b>				
<b>Direct Interests:</b>				
Dato' Ahmad Kabeer bin Mohamed Nagoor	7,010,700	1,802,900	–	8,813,600
<b>Indirect Interest:</b>				
Dato' Ahmad Kabeer bin Mohamed Nagoor	79,449,652	701,541	(7,193)	80,144,000

Dato' Ahmad Kabeer bin Mohamed Nagoor by virtue of his interest in shares of the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, according to the register of Directors' shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year.

	1.7.2016	Number of Options over ordinary shares (ESOS)		30.6.2017
		Granted	Exercised	
Dato' Nik Mod Amin bin Nik Abd Majid	500,000	–	–	500,000
Dato' Ahmad Kabeer bin Mohamed Nagoor	3,000,000	–	–	3,000,000

## DIRECTORS' BENEFITS

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

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



# Directors' Report (Cont'd)

## **DIRECTORS' REMUNERATION**

Details of Directors' remuneration are disclosed in Note 7 to the financial statements.

## **SUBSIDIARY COMPANIES**

Details of the subsidiary companies are disclosed in Note 14 to the financial statements.

## **AUDITORS' REMUNERATION**

Details of auditors' remuneration are disclosed in Note 5 to the financial statements.

## **EMPLOYEES' SHARE OPTION SCHEME ("ESOS")**

The ESOS of the Company was approved by its shareholders at an Extraordinary General Meeting held on 1 October 2015. The details of the ESOS are disclosed in Note 24(a) to the financial statements.

## **OTHER STATUTORY INFORMATION**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of 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 be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
  - (iii) any amount stated in the financial statements of the Group and of the Company misleading; and
  - (iv) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.



# Directors' Report (Cont'd)

## OTHER STATUTORY INFORMATION (CONTINUED)

- (c) No contingent or other liabilities of any company in the Group have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due.
- (d) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (e) In the opinion of the Directors:
  - (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 42 to the financial statements.

## AUDITORS

The auditors, Messrs. Morison Anuarul Azizan Chew, are seeking for re-appointment at the forthcoming annual general meeting.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 16 October 2017.

**Dato' Nik Mod Amin Bin Nik Abd Majid**

**Dato' Ahmad Kabeer Bin Mohamed Nagoor**



# STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Nik Mod Amin Bin Nik Abd Majid and Dato' Ahmad Kabeer Bin Mohamed Nagoor, being two of the Directors of AWC Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 65 to 135 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at of 30 June 2017 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 136, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 16 October 2017.

**Dato' Nik Mod Amin Bin Nik Abd Majid**

**Dato' Ahmad Kabeer Bin Mohamed Nagoor**

# STATUTORY DECLARATION

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

I, Tevanaigam Randy Chitty, being the Officer primarily responsible for the financial management of AWC Berhad, do solemnly and sincerely declare that the financial statements set out on pages 65 to 135 and the supplementary information set out on page 136 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  
Tevanaigam Randy Chitty  
at  
on 16 October 2017

**Tevanaigam Randy Chitty**

Before me,

Samsiah Binti Ali  
(No. W 589)

Commissioner for Oaths



# **INDEPENDENT**

## AUDITORS' REPORT

To the members of AWC Berhad

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the financial statements of AWC Berhad, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 135.

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

#### **Basis for Opinion**

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

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



# Independent Auditors' Report (Cont'd)

To the members of AWC Berhad

## **Key audit matter**

### **1. Impairment of goodwill**

*Refer to Note 3(a)(i), Note 3(e) and Note 16(i) to the Group financial statements.*

As at 30 June 2017, the carrying amount of goodwill recognised by the Group amounted to RM28,144,403. The Group is required to perform annual impairment test of the respective cash generating units ("CGU") to which this goodwill has been allocated. The Group estimated the recoverable amount of its CGU to which the goodwill is allocated based on value-in-use ("VIU") to be higher than the carrying amount. Due to the significance of the amount and the complexity and subjectivity involved in the annual impairment test, we consider this impairment test to be an area of audit focus. Specifically, we focus on the evaluation of the assumptions on discount rate, estimated sales and its growth rate.

## **How our audit addressed the key audit matter**

Our procedures included, amongst others:

- We obtained an understanding of the relevant internal methodology applied in determining the CGU and the value in use of the CGU;
- We evaluated the key assumptions applied in the cash flow forecast with reference to historical trend performance, market expectation and our understanding of the Group's strategic initiatives;
- We evaluated the key assumptions applied in the cash flow forecast with reference to historical trend performance, market expectation and our understanding of the Group's strategic initiatives;
- We analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions to the recoverable amount.

We have also evaluated the adequacy of the Group's disclosures of each key assumption on which the Group has based its cash flow projections. Key assumptions are those to which the recoverable amount is most sensitive, as disclosed in Note 16(i) to the financial statements.





# Independent Auditors' Report (Cont'd)

To the members of AWC Berhad

## **Key audit matter**

### **2. Revenue recognition for construction contracts**

*Refer to Note 3(a)(ii), Note 3(h) and Note 4 to the financial statements.*

The Group recognises revenue and costs arising from engineering and environment divisions in profit or loss using the stage-of-completion method. The stage of completion is measured by reference to the proportion of actual costs incurred for work performed to date to the estimated total costs for the project.

Construction contracts accounting is inherently complex and we focused on this area because there is judgement involved in the following areas:

- Extent of construction costs incurred to date;
- Estimated total construction costs;
- Variation orders and claims with customers.

## **How our audit addressed the key audit matter**

Our audit procedures performed in this area included, among others:

- Tested the Group's operating effectiveness of the key controls over the appropriateness of the construction contract's project budgets, including relevant management's approvals to assess the reliability of the construction costs of the projects;
- Checked the extent of costs incurred to date on significant projects by agreeing a sample of costs incurred to supporting documentation, i.e. subcontractor claim certificates and invoices from vendors;
- Checked the reasonableness of the estimated total construction costs, including subsequent changes to the costs, of selected projects, by agreeing to supporting documentation, i.e. approved budgets for the construction contracts, correspondences, quotations and variation orders with the main contractors, and progress claims issued by the main contractors after the reporting date;
- Compared the certification by external parties or progress reports against stage of completion of certain projects to ascertain the reasonableness of the percentage of completion recognised in the profit or loss; and
- Assessing the management's assumptions in determining the percentage of completion of projects, estimations of revenue and costs, provisions for foreseeable losses, liquidated and ascertained damages as well as recoverability of billed receivables.



# Independent Auditors' Report (Cont'd)

To the members of AWC Berhad

## **Key audit matter**

### **3. Impairment of trade receivables**

*Refer to Note 3(a)(vii), 3(k)(iii) and Note 18 to the financial statements.*

As at 30 June 2017, trade receivables of the Group amounted to RM91,556,135. The details of trade receivables and their credit risk have been disclosed in Note 18 and Note 38 to the financial statements.

Management recognises allowances for impairment losses on trade receivables based on specific known facts or circumstances or customers' abilities to pay and/or by reference to past default experience.

The determination of whether the trade receivables are recoverable involves significant management judgement and inherent subjectivity given uncertainty regarding the ability of the trade receivables to settle their debts. We focused on the audit risk that the trade receivables may be overstated and hence, further impairment losses may be required.

## **How our audit addressed the key audit matter**

Our procedures included, amongst others:

- Evaluated the credit process in place to assess and manage the recoverability of trade receivables by the Group;
- Reviewing the aging analysis of trade receivables and testing the reliability thereof;
- Assessed the recoverability of trade receivables by reference to their historical bad debt expense, ageing profiles of the counter parties and past historical repayment trends; and
- Assessed cash receipts subsequent to the end of the reporting period for its effect in reducing the amounts outstanding as at the end of the reporting period.

## **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.



# Independent Auditors' Report (Cont'd)

To the members of AWC Berhad

## Responsibilities of the Directors for the Financial Statements

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

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

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



# Independent Auditors' Report (Cont'd)

To the members of AWC Berhad

## **Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

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

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 14 to the financial statements.

## **OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in page 136 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## **OTHER MATTERS**

This report is made solely to the member 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 any responsibility to any other person for the content of this report.

**MORISON ANUARUL AZIZAN CHEW**  
Firm No: AF 001977  
Chartered Accountants

**SATHIEA SEELEAN A/L MANICKAM**  
Approval No: 1729/05/18(J/PH)  
Chartered Accountant

KUALA LUMPUR  
16 October 2017



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2017

	Note	2017 RM	2016 RM
Revenue	4	296,495,631	248,531,773
Cost of sales		(214,679,423)	(170,205,879)
Gross profit		81,816,208	78,325,894
Other operating income		8,274,555	1,517,370
Other operating expenses		(50,998,300)	(50,035,126)
Profit from operations	5	39,092,463	29,808,138
Finance (cost)/income, net	8	(437,746)	266,501
		38,654,717	30,074,639
Share of result of joint venture		–	–
Profit before taxation		38,654,717	30,074,639
Taxation	9	(7,753,087)	(6,449,595)
Zakat		–	(30,000)
Profit after taxation and zakat for the financial year		30,901,630	23,595,044
Other comprehensive income: Foreign currency translation differences		1,812,932	2,238,924
Total comprehensive income for the financial year		32,714,562	25,833,968
Profit attributable to:			
Owners of the Company		22,018,862	17,126,656
Non-controlling interests		8,882,768	6,468,388
		30,901,630	23,595,044
Total comprehensive income attributable to:			
Owners of the Company		23,290,931	18,863,273
Non-controlling interests		9,423,631	6,970,695
		32,714,562	25,833,968
Basic earnings per share (sen)	10	8.3	6.9
Diluted earnings per share (sen)	10	7.9	6.7

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





# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	2017 RM	2016 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	14,591,667	9,952,507
Investment properties	12	2,778,200	2,778,200
Investment in joint venture	13	–	1,123,090
Other investments	15	–	1,661
Intangible assets – goodwill	16(i)	28,144,403	28,144,403
Intangible assets – deferred expenditure	16(ii)	–	2,564
Deferred tax assets	31	1,041,904	963,220
		46,556,174	42,965,645
<b>Current assets</b>			
Inventories	17	18,049,497	17,819,381
Trade receivables	18	134,924,464	112,546,294
Other receivables	19	21,797,354	14,542,884
Amount owing by joint venture	13	–	27,456
Amount owing by an associated company	22	–	324,792
Tax recoverable		3,398,215	2,092,532
Deposits with licensed banks, cash and bank balances	23	67,691,221	44,714,848
		245,860,751	192,068,187
<b>TOTAL ASSETS</b>		<b>292,416,925</b>	<b>235,033,832</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	24	91,114,551	78,442,936
Treasury shares	24(b)	(855,221)	(855,221)
Share premium	24(c)	–	10,211,109
Foreign exchange reserve	26	5,871,552	4,599,483
Statutory reserve	27	–	306,802
Revaluation reserve	28	2,928,133	2,928,133
Share option reserve	29	2,017,813	–
Retained profits		40,169,385	23,364,610
Equity attributable to owners of the Company		141,246,213	118,997,852
Non-controlling interests		28,431,511	28,807,880
<b>Total equity</b>		<b>169,677,724</b>	<b>147,805,732</b>



# Consolidated Statement of Financial Position (Cont'd)

As at 30 June 2017

	Note	2017 RM	2016 RM
<b>Non-current liabilities</b>			
Other payables	33	368,508	2,682,030
Provision for end of service benefit		487,376	347,042
Long-term borrowings	30	2,147,078	628,141
Deferred tax liabilities	31	275,748	166,414
		<hr/>	<hr/>
		3,278,710	3,823,627
<hr/>			
<b>Current liabilities</b>			
Trade payables	32	43,290,069	45,676,878
Other payables	33	71,958,232	34,963,075
Provision for taxation		1,556,577	2,449,160
Short-term borrowings	30	2,655,613	315,360
		<hr/>	<hr/>
		119,460,491	83,404,473
<hr/>			
<b>TOTAL LIABILITIES</b>		122,739,201	87,228,100
<hr/>			
<b>TOTAL EQUITY AND LIABILITIES</b>		292,416,925	235,033,832

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2017

	Equity attributable to owners of the Company									
	Share Capital RM	Treasury Shares RM	Share Premium RM	Foreign Exchange Reserve RM	Statutory Reserve RM	Revaluation Reserve RM	Retained Profits RM	Sub-Total RM	Non-Controlling Interests RM	Total Equity RM
At 1 July 2015	68,603,769	(855,221)	7,649,452	2,862,866	306,802	2,928,133	10,101,512	91,597,313	25,365,185	116,962,498
Profit for the financial year	-	-	-	-	-	-	17,126,656	17,126,656	6,468,388	23,595,044
Other comprehensive income for the financial year	-	-	-	-	-	-	-	-	-	-
- Foreign currency translation	-	-	-	1,736,617	-	-	-	1,736,617	502,307	2,238,924
Total comprehensive income for the financial year	-	-	-	1,736,617	-	-	17,126,656	18,863,273	6,970,695	25,833,968
- Shares issued for acquisition of subsidiaries	9,197,369	-	2,452,631	-	-	-	-	11,650,000	-	11,650,000
- Dividend Paid to owners of the Company (Note 41)	-	-	-	-	-	(3,863,558)	(3,863,558)	(3,863,558)	-	(3,863,558)
Paid to non-controlling interest	-	-	-	-	-	-	-	-	(3,528,000)	(3,528,000)
- Exercise of employee share options	641,798	-	109,026	-	-	-	-	750,824	-	750,824
At 30 June 2016	78,442,936	(855,221)	10,211,109	4,599,483	306,802	2,928,133	23,364,610	118,997,852	28,807,880	147,805,732



# Consolidated Statement of Changes In Equity (Cont'd)

For the financial year ended 30 June 2017

	Equity attributable to owners of the Company										Total Equity RM
	Non-distributable					Distributable					
	Share Capital RM	Treasury Shares RM	Share Premium RM	Share Exchange Reserve RM	Foreign Reserve RM	Statutory Reserve RM	Revaluation Reserve RM	Share Option Reserve RM	Retained Profits RM	Sub-Total RM	Non-Controlling Interests RM
At 1 July 2016	78,442,936	(855,221)	10,211,109	4,599,483	306,802	2,928,133	-	23,364,610	118,997,852	28,807,880	147,805,732
Profit for the financial year	-	-	-	-	-	-	-	-	22,018,862	22,018,862	8,882,768
Other comprehensive income for the financial year	-	-	-	-	-	-	-	-	-	-	30,901,630
- Foreign currency translation	-	-	-	1,272,069	-	-	-	-	-	1,272,069	540,863
Total comprehensive income for the financial year	-	-	-	1,272,069	-	-	-	-	22,018,862	23,290,931	9,423,631
- Dividend Paid to owners of the Company (Note 41)	-	-	-	-	-	-	-	-	(5,214,087)	(5,214,087)	-
Paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(9,800,000)
- Issuance of new shares	1,603,491	-	246,209	-	-	-	-	-	-	1,849,700	-
- Value of employees' services pursuant to ESOS	-	-	-	-	-	-	-	-	(5,214,087)	(5,214,087)	(9,800,000)
- Exercise of employee share options	-	-	610,806	-	-	-	-	(610,806)	-	-	-
- Disposal of investment in joint venture	-	-	-	-	(306,802)	-	-	-	-	(306,802)	-
- Transition to no par value regime (Note 24)	11,068,124	-	(11,068,124)	-	-	-	-	-	-	-	-
At 30 June 2017	91,114,551	(855,221)	-	5,871,552	-	2,928,133	2,017,813	40,169,385	141,246,213	28,431,511	169,677,724

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



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2017

	2017 RM	2016 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	38,654,717	30,074,639
Adjustments for:		
Impairment losses on:		
- trade receivables	187,569	5,682,234
Amortisation of intangible assets – others	2,564	5,124
Bad debts recovered	–	(254,792)
Deposits written off	–	51,718
Depreciation of property, plant and equipment	2,462,537	1,784,412
Depreciation of investment properties	–	1,520
Fair value adjustment on investment in joint venture	–	1,571,535
Inventories written off	–	90,119
Impairment losses on slow moving inventories	84,999	73,142
Impairment losses on slow moving inventories no longer required	–	(332,793)
Property, plant and equipment written off	2,306	–
Impairment losses no longer required for:		
- trade receivables	(3,851,430)	(69,150)
- other receivables	(100,239)	–
Provision for end of service benefit	140,334	133,069
(Reversal)/Provision for retirement benefit obligation	(2,035,644)	327,264
Provision for short-term accumulating compensated absences	138,832	2,567
Impairment loss on investment in associate	1,661	–
Gain on disposal of investment properties	–	(51,619)
Finance expense/(income), net	437,746	(266,501)
Share options granted under Share Option Plan	2,628,619	–
Unrealised gain on foreign exchange	(102,369)	–
Net gain on disposal of property, plant and equipment	(191,825)	(59,576)
Operating profit before working capital changes	38,460,377	38,762,912
Increase in inventories	(315,115)	(114,758)
Decrease in receivables	(25,766,174)	(72,995,210)
Increase in payables	34,771,721	38,541,145
Decrease/(Increase) in amount owing by joint venture	352,248	(352,249)
Cash generated from operations	47,503,057	3,841,840
Payment for retirement benefit obligation	(580,083)	(145,954)
Taxes paid	(10,067,200)	(4,853,294)
Interest paid	(437,746)	–
Zakat paid	–	(30,000)
Net cash generated from/(used in) operating activities	36,418,028	(1,187,408)



# Consolidated Statement of Cash Flows (Cont'd)

For the financial year ended 30 June 2017

	Note	2017 RM	2016 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	34	(4,994,131)	(2,417,522)
Proceeds from disposal of investment properties		–	120,000
Proceeds from disposal of property, plant and equipment		349,347	59,572
Net cash outflow from acquisition of subsidiaries	14(a)	–	(3,504,278)
Net cash inflow from disposal of investment in joint venture		816,288	–
Finance income, net received		–	266,501
<b>Net cash used in investing activities</b>		<b>(3,828,496)</b>	<b>(5,475,727)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of term loans		(15,749)	(1,206,769)
Proceeds from exercise of employee share options		1,849,699	750,824
Increase in pledged deposit		(1,083,969)	–
Net additions of revolving credit		2,006,743	–
Repayment of finance lease		(361,521)	–
Dividends paid to owners		(5,214,087)	–
Dividends paid to non-controlling interests		(9,800,000)	(3,528,000)
<b>Net cash used in financing activities</b>		<b>(12,618,884)</b>	<b>(3,983,945)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>19,970,648</b>	<b>(10,647,080)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>		<b>44,714,848</b>	<b>53,555,243</b>
Effects of exchange differences		1,921,756	1,806,685
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>		<b>66,607,252</b>	<b>44,714,848</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>			
Deposits with licensed banks	23	22,089,656	12,523,829
Cash and bank balances	23	45,601,565	32,191,019
		67,691,221	44,714,848
Less: Fixed deposit pledged to licensed banks		(1,083,969)	–
		<b>66,607,252</b>	<b>44,714,848</b>

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





# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2017

	Note	2017 RM	2016 RM
Revenue	4	14,700,000	5,172,000
Cost of sales		-	-
<hr/>			
Gross profit		14,700,000	5,172,000
Other operating income		-	19,496,613
Other operating expenses		(2,397,770)	(1,820,642)
<hr/>			
Profit from operations	5	12,302,230	22,847,971
Finance (expense)/income, net	8	(43,292)	86,569
<hr/>			
Profit before taxation		12,258,938	22,934,540
Taxation	9	(307,670)	(645,340)
Zakat		-	(30,000)
<hr/>			
Profit/Total comprehensive income for the financial year		11,951,268	22,259,200

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



# STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	2017 RM	2016 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	43,096	58,550
Investments in subsidiaries	14	87,842,717	87,842,715
		87,885,813	87,901,265
<b>Current assets</b>			
Tax recoverable		88,036	85,247
Other receivables	19	10,332,528	101,200
Amount owing by subsidiary companies	21	2,088,277	870,683
Cash and bank balances	23	1,831,836	4,722,786
		14,340,677	5,779,916
<b>TOTAL ASSETS</b>		102,226,490	93,681,181
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	24	91,114,551	78,442,936
Treasury shares	24(b)	(855,221)	(855,221)
Share premium	24(c)	–	10,211,109
Merger relief	25	12,522,542	12,522,542
Share option reserve	29	2,017,813	–
Accumulated losses	29	(13,625,061)	(20,362,242)
<b>Total equity</b>		91,174,624	79,959,124
<b>Current liability</b>			
Other payables	33	4,743,103	12,406,357
Amount owing to subsidiary companies	21	6,308,763	1,315,700
<b>TOTAL LIABILITIES</b>		11,051,866	13,722,057
<b>TOTAL EQUITY AND LIABILITIES</b>		102,226,490	93,681,181

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



# STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2017

	Non-distributable				Merger Relief RM	Distributable (Accumulated Losses) RM	Total RM
	Share Capital RM	Treasury Shares RM	Share Premium RM	Share Premium RM			
At 1 July 2015	68,603,769	(855,221)	7,649,452	12,522,542		(38,757,884)	49,162,658
Profit/Total comprehensive income for the financial year	-	-	-	-	-	22,259,200	22,259,200
- Shares issued for acquisition of subsidiaries	9,197,369	-	2,452,631	-	-	-	11,650,000
- Dividend (Note 41)	-	-	-	-	-	(3,863,558)	(3,863,558)
- Exercise of employee share options	641,798	-	109,026	-	-	-	750,824
At 30 June 2016	78,442,936	(855,221)	10,211,109	12,522,542		(20,362,242)	79,959,124
	Non-distributable				Share Option reserve RM	Distributable (Accumulated Losses) RM	Total RM
	Share Capital RM	Treasury Shares RM	Share Premium RM	Share Premium RM			
At 1 July 2016	78,442,936	(855,221)	10,211,109	12,522,542	-	(20,362,242)	79,959,124
Profit/Total comprehensive income for the financial year	-	-	-	-	-	11,951,268	11,951,268
- Dividend (Note 41)	-	-	-	-	-	(5,214,087)	(5,214,087)
- Issuance of new shares	1,603,491	-	246,209	-	-	-	1,849,700
- Value of employees' services pursuant to ESOS	-	-	-	-	2,628,619	-	2,628,619
- Exercise of employee share options	-	-	610,806	-	(610,806)	-	-
- Transition to no par value regime (Note 24)	11,068,124	-	(11,068,124)	-	-	-	-
At 30 June 2017	91,114,551	(855,221)	-	12,522,542	2,017,813	(13,625,061)	91,174,624

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



# STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2017

	Note	2017 RM	2016 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		12,258,938	22,934,540
Adjustments for:			
Depreciation of property, plant and equipment		20,323	30,963
Interest expense		75,224	252
Plant and equipment written off		132	-
Impairment losses on investment in subsidiaries		-	802,332
Impairment losses on investment in subsidiaries no longer required		-	(20,298,946)
Share options granted under employee share option scheme		499,448	-
Dividend income		(13,200,000)	(3,672,000)
Interest income		(31,932)	(86,821)
Operating loss before working capital changes		(377,867)	(289,680)
Increase in receivables		(31,328)	(179,524)
Decrease in payables		(7,663,254)	(64,921)
Decrease in amount owing by subsidiary companies		911,577	-
Increase in amount owing to subsidiary companies		4,993,063	-
Cash used in operations		(2,167,809)	(534,125)
Interest paid		(75,224)	(252)
Income tax paid		(310,460)	(365,247)
Zakat paid		-	(30,000)
Net cash used in operating activities		(2,553,493)	(929,624)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Advances from subsidiaries		-	1,114,196
Dividend received		3,000,000	3,672,000
Acquisition of new subsidiaries		-	(7,050,000)
Investment in a subsidiary company		(2)	-
Purchase of property, plant and equipment	34	(5,000)	(3,007)
Interest received		31,932	86,821
Net cash generated from/(used in) investing activities		3,026,930	(2,179,990)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Issuance of ordinary shares		1,849,700	750,824
Dividend paid		(5,214,087)	-
Net cash (used in)/generated from financing activity		(3,364,387)	750,824
<b>NET DECREASE IN CASH AND BANK BALANCES</b>		(2,890,950)	(2,358,790)
<b>CASH AND BANK BALANCES AT BEGINNING OF FINANCIAL YEAR</b>		4,722,786	7,081,576
<b>CASH AND BANK BALANCES AT END OF FINANCIAL YEAR</b>		1,831,836	4,722,786

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



# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are set out in Note 14 to the financial statements.

The Company is a public limited liability company, incorporated under the Malaysian Companies Act, 1965 and is listed on the Main Board of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at 20-2, Subang Business Centre, Jalan USJ 9/5T, 47620 UEP Subang Jaya, Selangor Darul Ehsan.

The financial statements of the Group and of the Company for the financial year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Board of Directors dated 16 October 2017.

## 2. BASIS OF PREPARATION

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

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3(a).

Accounting standard and amendments to accounting standards that are effective for the Group's and the Company's financial beginning on or after 1 July 2016 are as follows:

- MFRS 14, "Regulatory Deferral Accounts"
- Amendment to MFRS 5, "Non-Current Assets Held for Sale and Discontinued Operations" (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 7, "Financial Instruments: Disclosures" (Annual-Improvements 2012-2014 Cycle)
- 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"
- Amendment to MFRS 119, "Employee Benefits" (Annual-Improvements 2012-2014 Cycle)
- Amendments to MFRS 127, "Equity Method in Separate Financial Statements"
- Amendment to MFRS 134, "Interim Financial Reporting" (Annual Improvements 2012-2014 Cycle)

The above accounting standard and amendments to accounting standards effective during the financial period do not have any significant impact to the financial results and position of the Group and the Company.



# Notes to the Financial Statements (Cont'd)

## 2. BASIS OF PREPARATION (CONTINUED)

Accounting standards, amendments to accounting standards and IC Interpretation that are for the Group and the Company in the following periods but are not yet effective:

### ***Annual periods beginning on/after 1 January 2017***

- Amendments to MFRS 12, "Disclosure of Interest in Other Entities" (Annual Improvements 2014-2016 cycle)
- Amendments to MFRS 107, "Disclosure Initiative"
- Amendments to MFRS 112, "Recognition of Deferred Tax Assets for Unrealised Losses"

### ***Annual periods beginning on/after 1 January 2018***

- Amendments to MFRS 1, "First-time Adoption of Malaysian Financial Reporting Standards" (Annual improvements 2014-2016 cycle)
- Amendments to MFRS 2, "Classification and Measurement of Share-Based Payment Transactions"
- Amendments to MFRS 4, "Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contract"
- MFRS 9, "Financial Instruments"
- MFRS 15, "Revenue from Contracts with Customers"
- Amendments to MFRS 140, "Transfer of investment property"
- IC Interpretation 22, "Foreign Currency Transaction and Advance Consideration"

### ***Annual periods beginning on/after 1 January 2019***

- MFRS 16, "Leases"

### ***Existing date yet to be determined by the Malaysian Accounting Standards Board***

- Amendments to MFRS 10, "Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures"

The above accounting standards, amendments to accounting standards and IC Interpretation which may have a significant impact to the financial statements are as follows:

#### MFRS 9 Financial Instruments

This Standard addresses the classification, measurement and recognition of financial assets and financial liabilities.

Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. The Standard introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements. If a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the balance sheet, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the balance sheet.

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





# Notes to the Financial Statements (Cont'd)

## 2. BASIS OF PREPARATION (CONTINUED)

### MFRS 9 Financial Instruments (continued)

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

### MFRS 15 Revenue from Contracts with Customers

The Standard provides clarity on revenue recognition especially on areas where existing requirements unintentionally created diversity in practice. Under MFRS 15, an entity recognises revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Extensive disclosures are required to provide greater insight into both revenue that has been recognised, and revenue that is expected to be recognised in the future from existing contracts.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Critical accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

#### (i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the Cash Generating Units ("CGUs") to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 30 June 2017 amounted to RM28,144,403 (2016: RM28,144,403). Further details are disclosed in Note 16(i) to the financial statements.

#### (ii) Revenue recognition on construction contracts

The Group recognises construction and other project implementation contract revenue and expenses by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs. Significant judgement is required in determining the stage of completion of the contract, the extent of contract costs incurred, estimated total contract revenue and costs, as well as the recoverability of the contract amount. In making these judgements, the Group evaluates based on past experience and by relying on the work of specialists.



# Notes to the Financial Statements (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Critical accounting estimates and judgements (continued)

#### (iii) Depreciation of property, plant and equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over the useful lives of the property, plant and equipment. Management estimates the useful lives of the property, plant and equipment as stated in Note 3(f)(ii). These are common life expectancies applied in the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### (iv) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### (v) Deferred tax assets

Deferred tax asset is recognised for unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits.

#### (vi) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. When such indicators exist, recoverable amounts of the cash-generating unit are determined based on the value-in-use calculation. These calculations require the estimation of the expected future cash flows from the cash generating unit and a suitable discount rate is applied in order to calculate the present value of those cash flows.

#### (vii) Impairment of financial assets

The impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. This is determined based on the ageing profile, expected collection patterns of individual receivable balances, credit quality and credit losses incurred. Management carefully monitors the credit quality of receivable balances and makes estimates about the amount of credit losses that have been incurred at each financial statements reporting date. Any changes to the ageing profile, collection patterns, credit quality and credit losses can have an impact on the impairment recorded.

#### (viii) Write-down for inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.



# Notes to the Financial Statements (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Functional and presentation currency

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

### (c) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and other components of equity related to the disposed subsidiary. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained.



# Notes to the Financial Statements (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Basis of consolidation (continued)

#### (ii) Associates

An associate is a company in which the Group has a long term equity interest between 20% to 50% and where the Group is in a position to exercise significant influence over the financial and operating policies of the investee company.

Investments in associates are accounted for in the consolidated financial statements using the equity method. The Group's interests in the associates are stated at cost plus adjustments to reflect changes in the Group's share of profits and losses in the associates. The Group's share of results and reserves in the associates acquired are included in the consolidated financial statements from the effective date of acquisition.

When the Group's share of losses in the associate equals or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. Where the reporting dates of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in reporting dates is no more than three months. Adjustments are made for the effects of any insignificant transactions or events that occur between the intervening period.

#### (iii) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. The classification either as joint operations or joint ventures depends on the contractual rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

A joint venture is accounted for in the financial statements using the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and subsequently adjusted to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

### (d) Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### (e) Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.



# Notes to the Financial Statements (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Goodwill (continued)

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a purchase gain and is recognised as a gain in profit or loss.

### (f) Property, plant and equipment

#### (i) Recognition and measurement

Property, plant and equipment are stated at cost. Freehold buildings are subsequently shown at fair value, less subsequent depreciation and impairment losses. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income as a revaluation reserve. When the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve of that asset.

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

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in net in the profit or loss.

#### (ii) Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of property, plant and equipment.

All other property, plant and equipment are depreciated on a straight-line method at rates calculated to write off the cost or the revalued amounts of the assets to their residual values over their estimated useful lives as follows:

Freehold buildings	50 Years
Computer equipment and software	10% to 50%
Machinery, equipment and motor vehicles	10% to 20%
Furniture, fittings and office equipment	8% to 20%
Electrical installations and renovation	10% to 33 1/3%



# Notes to the Financial Statements (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Property, plant and equipment (continued)

#### (ii) Depreciation (continued)

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

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount in accordance with accounting policy Note 3(i) to the financial statements.

### (g) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

### (h) Construction contracts

Construction contracts are stated at cost plus attributable profits less applicable progress billings and provision for foreseeable losses. Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total costs incurred on construction contracts plus recognised profits (less recognised losses), exceed progress billings, the balance is classified as an amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as an amount due to customers on contracts.

### (i) Impairment of non-financial assets

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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.





# Notes to the Financial Statements (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Impairment of non-financial assets (continued)

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. 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 asset's 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.

### (j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

### (k) Financial assets

#### (i) Classification

The Company classifies its financial assets based on the purpose for which the financial assets were acquired at initial recognition in the following categories:

#### Financial assets at fair value through profit or loss

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

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

#### Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.



# Notes to the Financial Statements (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Financial assets (continued)

#### (i) Classification (continued)

##### Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

#### (ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

#### (iii) Subsequent measurement

##### Gains and losses

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. Impairment losses and exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in profit or loss. Dividend income on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

##### Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For an equity instrument, a significant or prolonged decline in fair value below its cost is also considered objective evidence of impairment.

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



# Notes to the Financial Statements (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Financial assets (continued)

#### (iii) Subsequent measurement (continued)

##### Impairment of financial assets (continued)

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

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

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

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

#### (iv) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

### (l) Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

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

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.



# Notes to the Financial Statements (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Offsetting financial instruments

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

### (n) Inventories

Inventories consist of consumables, trading and installation goods.

Consumables are stated at lower of cost (determined using the first-in, first-out method) and net realisable value. Trading and installation goods are stated at the lower of cost (determined using the weighted average method) and net realisable value.

Cost of inventories include all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision is made where necessary for obsolete, slow-moving and defective inventories.

### (o) Equity instruments

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided. Costs of issuing equity securities in connection with a business combination are included in the cost of acquisition.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the statement of comprehensive income on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

### (p) Provisions for liabilities

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

### (q) Finance leases as lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.



# Notes to the Financial Statements (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) Finance leases as lessee (continued)

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

### (r) Contingent assets and contingent liabilities

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

### (s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualified assets are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### (t) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of revenue and cost incurred or to be incurred in respect of the transaction can be measured reliably.

#### Construction contracts

Revenue from work done on construction contracts is recognised based on the percentage of completion method. The stage of completion is determined based on the survey of work performed.

Allowance for foreseeable losses is made in the financial statements when such losses can be determined.

#### Goods sold and services rendered

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised when the significant risks and rewards of ownership have been transferred to the buyers.

Revenue from services rendered is recognised in profit or loss upon performance of services and is measured at the fair value of the consideration receivable.



# Notes to the Financial Statements (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (t) Revenue recognition (continued)

#### Rental income

Rental income is accounted for on an accrual basis.

#### Dividend income

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

#### Interest income

Interest income is accounted for on an accrual basis.

### (u) Employee benefits

#### Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

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

#### Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss in the period to which they relate.

#### Unfunded Defined Benefit Scheme

A certain subsidiary operates an unfunded defined benefit scheme for certain eligible employees. Under the scheme, retirement benefits are payable upon retirement at the age of 55. Provision for retirement benefits is made in the financial statements in accordance with the contractual obligations entered into with employees.

#### Employees' Share Option Scheme ("ESOS")

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration under the Employees' Share Option Scheme ("ESOS"). Employee services received in exchange for the grant of the share options are recognised as an expense in profit or loss over the vesting period of the grant, with a corresponding increase in the share option reserve.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve in equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.





# Notes to the Financial Statements (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (v) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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 financial years.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### (w) Foreign currencies

#### (i) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss, except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income.



# Notes to the Financial Statements (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (w) Foreign currencies (continued)

#### (ii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into the presentation currency as follows:

- assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- income and expenses for each statement of profit and loss and other comprehensive income presented are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- all resulting exchange differences are taken directly to other comprehensive income through the foreign exchange reserve.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income through the translation reserve.

### (x) Operating segments

Operating segments are reported in a manner consistent with the internal reporting and are regularly reviewed by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.



# Notes to the Financial Statements (Cont'd)

## 4. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Facilities	115,553,938	96,657,578	-	-
Engineering	111,663,801	78,328,604	-	-
Environment	69,277,892	73,545,591	-	-
Dividend income	-	-	13,200,000	3,672,000
Management fees	-	-	1,500,000	1,500,000
	296,495,631	248,531,773	14,700,000	5,172,000

## 5. PROFIT FROM OPERATIONS

Profit from operations is arrived after charging/(crediting):

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Employee benefits expense (Note 6)	65,140,063	49,315,696	1,485,528	668,590
Non-executive directors' fees (Note 7)	667,600	696,000	115,600	172,500
Impairment losses on:				
- trade receivables	187,569	5,682,234	-	-
- other receivables	(100,239)	-	-	-
Impairment losses on investment in subsidiaries	-	-	-	802,332
Fair value adjustment on investment in joint venture	-	1,571,535	-	-
Impairment losses on slow moving inventories	84,999	73,142	-	-
Impairment losses on slow moving inventories no longer required	-	(332,793)	-	-
Net foreign exchange (gain)/loss				
- realised	(579,371)	242,019	-	-
- unrealised	(102,369)	69,516	-	-
Amortisation of intangible assets - others (Note 16(ii))	2,564	5,124	-	-
Auditors' remuneration <sup>#</sup> :				
- for the financial year	316,443	303,413	70,000	43,000
- underprovision in the previous financial year	21,120	18,699	10,953	-
Bad debts recovered	-	(254,792)	-	-
Impairment losses no longer required for:				
- trade receivables	(3,851,430)	(69,150)	-	-
- other receivables	(100,239)	-	-	-
Impairment losses on investment in subsidiaries no longer required	-	-	-	(20,298,946)
Depreciation of property, plant and equipment (Note 11)	2,462,537	1,784,412	20,323	30,963
Depreciation of investment properties (Note 12)	-	1,520	-	-



## Notes to the Financial Statements (Cont'd)

### 5. PROFIT FROM OPERATIONS (CONTINUED)

Profit from operations is arrived after charging/(crediting) (continued):

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Provision for end service benefit	140,334	133,069	-	-
Provision for retirement benefit obligation	311,632	327,264	-	-
Provision for retirement benefit obligation no longer required	(2,347,276)	-	-	-
Provision for short-term accumulating compensated absences	138,832	2,567	-	-
Net gain on disposal of property, plant and equipment	(191,825)	(59,576)	-	-
Gain on disposal of investment properties	-	(51,619)	-	-
Property, plant and equipment written off	2,306	-	131	-
Deposit written off	-	51,718	-	-
Impairment loss on investment in associate	1,661	-	-	-
Inventories written off	-	90,119	-	-
Rental expense for:				
- buildings	2,182,298	1,744,005	42,000	42,000
- vehicles	18,756	27,494	-	-
Rental income from investment properties	(237,600)	(111,600)	-	-

# - Included in the auditors' remuneration of the Group are fees paid to accounting firm other than the Company's auditors for audit fees amounting to RM186,943 (2016: RM128,063).

### 6. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, wages, bonus and allowances	51,288,956	43,840,614	880,734	569,145
Employees Provident Fund	5,706,737	4,530,523	72,738	80,378
Social Security Contributions	529,270	406,028	2,417	1,688
Employees' Share Option Scheme	2,628,619	-	499,448	-
Other staff related expenses	4,986,481	538,531	30,191	17,379
	65,140,063	49,315,696	1,485,528	668,590

Included in staff costs of the Group are executive directors' emoluments amounting to RM7,621,719 (2016: RM7,877,083), as further disclosed in Note 7 to the financial statements.



# Notes to the Financial Statements (Cont'd)

## 7. DIRECTORS' REMUNERATION

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	1,800,000	1,500,000	–	–
Employees Provident Fund and Social Security Contributions	456,000	396,000	–	–
Bonus	1,200,000	1,800,000	–	–
Fees and other emoluments	69,591	25,586	–	–
	3,525,591	3,721,586	–	–
Non-Executive:				
Fees and other emoluments	247,600	696,000	115,600	172,500
	3,773,191	4,417,586	115,600	172,500
<b>Directors of Subsidiaries</b>				
Executive:				
Salaries and other emoluments	2,934,701	3,314,511	–	–
Employees Provident Fund and Social Security Contributions	464,052	430,020	–	–
Bonus	643,471	384,766	–	–
Fees and other emoluments	53,904	26,200	–	–
	4,096,128	4,155,497	–	–
Non-Executive:				
Fees and other emoluments	420,000	–	–	–
	4,516,128	4,155,497	–	–
<b>Total</b>	<b>8,289,319</b>	<b>8,573,083</b>	<b>115,600</b>	<b>172,500</b>



## Notes to the Financial Statements (Cont'd)

### 7. DIRECTORS' REMUNERATION (CONTINUED)

Remuneration in the form of benefits-in-kind paid to the Executive Directors of the Group for the financial year amounted to RM85,335 (2016:RM34,386).

The number of Directors of the Company whose total remuneration, excluding benefits-in-kind, during the financial year fell within the following bands is analysed below:

	Number of Directors 2017	2016
Executive Directors:		
RM3,500,001 – RM3,550,000	1	–
RM3,700,001 – RM3,750,000	–	1
Non-executive Directors:		
Up to RM50,000	5	2
RM50,001 – RM100,000	–	1
RM100,001 – RM150,000	1	1
RM400,001 – RM450,000	–	1

### 8. FINANCE EXPENSES/(INCOME), NET

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest expense on:				
Bank guarantees	351,700	177,743	75,000	–
Term loans	256,972	205,879	–	–
Finance lease	89,754	36,393	–	–
Others	205,357	65,547	224	252
Interest income	(466,037)	(752,063)	(31,932)	(86,821)
	437,746	(266,501)	43,292	(86,569)



## Notes to the Financial Statements (Cont'd)

### 9. TAXATION

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Current tax:</b>				
Current year	8,174,268	6,672,830	307,670	280,000
(Over)/Under provision in prior financial years	(450,876)	428,635	–	365,340
	7,723,32	7,101,465	307,670	645,340
<b>Deferred tax (Note 31):</b>				
Relating to origination and reversal of temporary differences	(1,205)	(524,703)	–	–
Over provision in prior financial years	30,900	(127,167)	–	–
	29,695	(651,870)	–	–
<b>Total tax expense</b>	<b>7,753,087</b>	<b>6,449,595</b>	<b>307,670</b>	<b>645,340</b>

The domestic statutory tax rate is 24% (2016: 24%).





# Notes to the Financial Statements (Cont'd)

## 9. TAXATION (CONTINUED)

A reconciliation of income tax expense applicable to profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before taxation	38,654,717	30,074,639	12,258,938	22,934,540
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	9,277,132	7,217,913	2,942,145	5,504,290
Tax effects of:				
Different tax rates in other countries	(1,024,000)	(643,336)	-	-
Expenses not deductible for tax purposes	6,787,810	6,385,771	533,525	58,240
Income not subject to tax	(5,481,838)	(6,304,207)	(3,168,000)	-
Income exempted under pioneer status	(80,108)	(288,537)	-	-
Enhanced deductions	(74,785)	(78,396)	-	-
Income tax rebate	(54,266)	(118,000)	-	-
Tax effect of partial tax exemption	(78,825)	(152,957)	-	-
Changes in deferred tax not recognised	(1,098,057)	129,876	-	(5,282,530)
(Over)/Under provision in prior financial years:				
- Current tax	(450,876)	428,635	-	365,340
- Deferred tax	30,900	(127,167)	-	-
Taxation for the financial year	7,753,087	6,449,595	307,670	645,340



# Notes to the Financial Statements (Cont'd)

## 10. BASIC & DILUTED EARNINGS PER SHARE

### Basic earnings per share

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

	2017	2016
Profit attributable to owners of the Company (RM)	22,018,862	17,126,656
Weighted average number of ordinary shares in issue, excluding treasury shares	263,727,460	248,545,205
Basic earnings per share (sen)	8.3	6.9

### Diluted earnings per share

Diluted earnings per share is calculated by dividing the consolidated profit for the financial year attributable to owners of the Company by the sum of weighted average number of ordinary shares issued and issuable during the financial year.

	2017	2016
Profit attributable to owners of the Company (RM)	22,018,862	17,126,656
Weighted average number of ordinary shares in issue, excluding treasury shares	263,727,460	248,545,205
Adjusted for assumed conversion of ESOS	13,484,961	6,712,562
Adjusted weighted average number of ordinary shares in issue	277,212,421	255,257,767
Diluted earnings per share (sen)	7.9	6.7

There are no shares or other instruments in issue which have a dilutive effect on the earnings per share of the Group.



## Notes to the Financial Statements (Cont'd)

### 11. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation	At cost				Total RM
	Freehold Buildings RM	Computer Equipment and Software RM	Machinery, Equipment and Motor Vehicles RM	Furniture, Fittings and Office Equipment RM	Electrical Installations and Renovation RM	
<b>At 30 June 2017</b>						
<b>Cost</b>						
At 1 July 2016	5,531,107	8,863,701	9,689,803	4,939,460	1,334,615	30,358,686
Additions (Note 34)	1,950,000	555,003	3,917,452	484,396	316,997	7,223,848
Disposals	–	(6,999)	(1,055,213)	(25,448)	–	(1,087,660)
Written Off	–	(77,569)	–	(60,633)	–	(138,202)
Translation differences	–	62,198	21,213	(20,724)	(8,838)	53,849
At 30 June 2017	7,481,107	9,396,334	12,573,255	5,317,051	1,642,774	36,410,521
<b>Accumulated Depreciation</b>						
At 1 July 2016	1,036,740	7,219,785	7,212,787	4,024,673	912,194	20,406,179
Charge for the financial year	99,536	691,747	1,325,883	218,560	126,811	2,462,537
Disposals	–	(4,969)	(901,737)	(23,432)	–	(930,138)
Written Off	–	(75,403)	–	(60,493)	–	(135,896)
Translation differences	–	55,846	(5,597)	(25,154)	(8,923)	16,172
At 30 June 2017	1,136,276	7,887,006	7,631,336	4,134,154	1,030,082	21,818,854
<b>Net Carrying Amount</b>						
At 30 June 2017	6,344,831	1,509,328	4,941,919	1,182,897	612,692	14,591,667
<b>At 30 June 2016</b>						
<b>Cost</b>						
At 1 July 2015	5,209,567	7,516,046	7,594,676	4,500,930	1,076,741	25,897,960
Additions (Note 34)	–	1,041,542	1,147,742	325,986	272,237	2,787,507
Written Off	–	(7,891)	(465,775)	–	–	(473,666)
Acquisition of subsidiaries	321,540	–	1,218,521	175,349	14,000	1,729,410
Translation differences	–	314,004	194,639	(62,805)	(28,363)	417,475
At 30 June 2016	5,531,107	8,863,701	9,689,803	4,939,460	1,334,615	30,358,686
<b>Accumulated Depreciation</b>						
At 1 July 2015	874,218	6,534,827	5,795,074	3,707,601	825,389	17,737,109
Charge for the financial year	112,682	470,795	906,865	181,614	112,456	1,784,412
Written Off	–	(3,724)	(412,221)	–	–	(415,945)
Acquisition of subsidiaries	49,840	–	816,300	127,306	13,999	1,007,445
Translation differences	–	217,887	106,769	8,152	(39,650)	293,158
At 30 June 2016	1,036,740	7,219,785	7,212,787	4,024,673	912,194	20,406,179
<b>Net Carrying Amount</b>						
At 30 June 2016	4,494,367	1,643,916	2,477,016	914,787	422,421	9,952,507



# Notes to the Financial Statements (Cont'd)

## 11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Computer Equipment and Software RM	Furniture, Fittings and Office Equipment RM	Renovation RM	Total RM
<b>At 30 June 2017</b>				
<b>Cost</b>				
At 1 July 2016	505,924	75,136	67,745	648,805
Addition	–	5,000	–	5,000
Written Off	(58,488)	(17,283)	–	(75,771)
At 30 June 2017	447,436	62,853	67,745	578,034
<b>Accumulated Depreciation</b>				
At 1 July 2016	453,054	69,456	67,745	590,255
Charge during the financial year	16,611	3,712	–	20,323
Written Off	(58,488)	(17,152)	–	(75,640)
At 30 June 2017	411,177	56,016	67,745	534,938
<b>Net Carrying Amount</b>				
At 30 June 2017	36,259	6,837	–	43,096
<b>At 30 June 2016</b>				
<b>Cost</b>				
At 1 July 2015	505,924	72,129	67,745	645,798
Addition	–	3,007	–	3,007
At 30 June 2016	505,924	75,136	67,745	648,805
<b>Accumulated Depreciation</b>				
At 1 July 2015	426,922	64,625	67,745	559,292
Charge during the financial year	26,132	4,831	–	30,963
At 30 June 2016	453,054	69,456	67,745	590,255
<b>Net Carrying Amount</b>				
At 30 June 2016	52,870	5,680	–	58,550



## Notes to the Financial Statements (Cont'd)

### 11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use amounting to RM13,505,796 (2016: RM11,601,040).
- (b) Carrying amounts of property, plant and equipment held under finance lease arrangements are as follows:

	2017 RM	Group 2016 RM
Motor vehicles	2,486,182	1,332,257

- (c) Freehold buildings of the Group with a carrying amount of RM4,398,396 (2016: RM4,227,492) have been pledged to financial institutions for borrowings as disclosed in Note 30(i)(c) to the financial statements.

### 12. INVESTMENT PROPERTIES

	Group 2017 RM
<b>Freehold Buildings</b>	
<b>At fair value:-</b>	
At 1 July 2016/30 June 2017	2,778,200

	Group 2016 RM
<b>Freehold Buildings</b>	
<b>At fair value:-</b>	
At 1 July 2015	2,848,101
Disposal	(68,381)
Less: Depreciation during the financial year	(1,520)
At 30 June 2016	2,778,200



# Notes to the Financial Statements (Cont'd)

## 12. INVESTMENT PROPERTIES (CONTINUED)

The fair value of freehold buildings were determined by an independent firm of professional valuers based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the freehold buildings, the highest and best use of the freehold buildings is their current use.

The freehold buildings of the Group with a carrying amount of RM2,778,200 (2016: RM2,778,200) have been pledged to financial institutions for borrowings, as disclosed in Note 30(i)(c).

The income earned by the Group from rental of investment properties amounted to RM237,600 (2016: RM111,600). Direct operating expenses incurred on the investment properties during the year amounted to RM15,889 (2016: RM25,669).

Details of the Group's investment properties and information about the fair value hierarchy as of 30 June 2017 are as follows:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2017</b>				
Investment properties	–	2,778,200	–	2,778,200
<b>2016</b>				
Investment properties	–	2,778,200	–	2,778,200

## 13. INVESTMENT IN JOINT VENTURE

	2017 RM	Group 2016 RM
Unquoted shares at cost	–	514,800
Share of post acquisition results and reserve	–	2,178,164
	–	2,692,964
Less: Fair value adjustment	–	(1,569,874)
	–	1,123,090



## Notes to the Financial Statements (Cont'd)

### 13. INVESTMENT IN JOINT VENTURE (CONTINUED)

The Group's share of revenue, loss, assets and liabilities of joint venture are as follows:

	2017 RM	Group 2016 RM
Revenue	-	-
Profit for the financial year	-	25,918
<hr/>		
Current assets	-	1,070,228
Current liabilities	-	(27,842)
<hr/>		
Net assets	-	1,042,386
Reserve	-	80,704
<hr/>		
	-	1,123,090
<hr/>		

Details of the joint venture are as follows:

Name of Company	Country of Incorporation	Effective Ownership and Voting Interest		Principal Activities
		2017	2016	
Multi Link Environmental Services LLC ("MLES")	Abu Dhabi, United Arab Emirates	-	16.99%	Designing, supplying and installing of automated waste collection systems

During the financial year, MLES was liquidated and an amount of RM816,288 was recovered by the Group. The financial effects of the deemed disposal of the joint venture are as follows:

	Group 2017 RM
Proceeds from disposal	816,288
Less: Carrying amount of investment in joint venture	(1,123,090)
Less: Statutory reserve no longer required	306,802
<hr/>	
Gain on disposal of MLES	-
<hr/>	

Amount owing by joint venture:

	2017 RM	Group 2016 RM
Trade	-	27,456
<hr/>		

The trade balance is subject to normal trade credit terms ranging from 30 to 60 days.





# Notes to the Financial Statements (Cont'd)

## 14. INVESTMENT IN SUBSIDIARIES

	2017 RM	Company 2016 RM
Unquoted shares, at cost		
At 1 July 2016/2015	127,245,690	100,745,690
Acquisition	2	26,500,000
Less: Disposal	(135,687)	-
	127,110,005	127,245,690
Less: Accumulated impairment losses	(39,267,288)	(39,402,975)
At 30 June 2017/2016	87,842,717	87,842,715
Accumulated impairment losses:-		
At 1 July 2016/2015	(39,402,975)	(58,899,589)
Addition	-	(802,332)
Reversal	135,687	20,298,946
At 30 June 2017/2016	(39,267,288)	(39,402,975)

Name of Company	Country of Incorporation	Effective Ownership and Voting Interest		Principal Activities
		2017	2016	
Ambang Wira Sdn. Bhd. ^ ("AWSB")	Malaysia	100%	100%	Comprehensive facility management services
AW Facility Management Sdn. Bhd. ^ ("AWFM")	Malaysia	100%	100%	Comprehensive facility management services
AWC Renewable Energy Sdn. Bhd. ("AWCRE")	Malaysia	100%	100%	Building integrated photovoltaic projects
AWC Facilities Engineering Sdn. Bhd. ("AFESB")	Malaysia	75%	75%	Facility management
M & C Engineering and Trading Sdn. Bhd. ^ ("M&C(M)")	Malaysia	100%	100%	Air-conditioning and building automation
Environmental & Landscape Services Sdn. Bhd. ^ ("ELS")	Malaysia	100%	100%	Landscaping
Teroka Energy Sdn. Bhd. ("TESB")	Malaysia	100%	100%	Investment holding, property dealing and general trading
AWC Pureti Sdn. Bhd. ^ ("AWCP")	Malaysia	100%	-	Trading of Pureti and Vital Oxide products



## Notes to the Financial Statements (Cont'd)

### 14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of Company	Country of Incorporation	Effective Ownership and Voting Interest		Principal Activities
		2017	2016	
Stream Group Sdn. Bhd. * <sup>1</sup> ("SGSB") (formerly known as Nexaldes Sdn. Bhd.)	Malaysia	51%	51%	General trading and installation of cleaning equipment and vacuum systems, automated vacuum waste collection system, pipe networks and specialised connections
Qudotech Sdn. Bhd. * <sup>1</sup> ("QSB")	Malaysia	100%	100%	Mechanical and electrical engineering works
DD Techniche Sdn. Bhd. * <sup>1</sup> ("DDT")	Malaysia	100%	100%	Contracting for mechanical engineering works and trading of specialised water tanks and rainwater harvesting products
<b>Subsidiary of SGSB:</b>				
Stream Industries Sdn. Bhd. * <sup>1</sup> ("SISB")	Malaysia	51%	51%	Environmental engineering and general trading
Stream Environment (S) Pte. Ltd. * <sup>1</sup> ("SEPL")	Singapore	51%	51%	Importers, dealers and contractors of industrial and domestic cleaning equipment and appliances
Stream Environment Sdn. Bhd. * <sup>1</sup> ("SESB")	Malaysia	51%	51%	Environmental engineering and general trading
Stream FZE * <sup>1</sup>	Abu Dhabi, United Arab Emirates	–	51%	Trading in building materials, environmental protection equipment, pumps, engines, valves and spare parts
Stream Automated Waste W.L.L. * <sup>1</sup> @ ("SAW")	Qatar	24.99%	24.99%	Pipeline networks, trading of pipes and tubes and trading of equipments and decoration of accessories
<b>Subsidiary of QSB:</b>				
Qudotech (JB) Sdn. Bhd. * <sup>1</sup> ("QJB")	Malaysia	100%	100%	Mechanical and electrical engineering works
<b>Subsidiary of M&amp;C(M):</b>				
M & C Engineering and Trading (S) Pte. Ltd. * <sup>1</sup> ^ ("M&C(S)")	Singapore	100%	100%	Air-conditioning and building automation
<b>Subsidiary of AWSB:</b>				
AWC Rail Sdn. Bhd. ^ ("AWCR")	Malaysia	100%	–	Manufacture of railway locomotives and rolling stock



# Notes to the Financial Statements (Cont'd)

## 14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

^ Consolidated under merger method of accounting.

@ SAW, which is 49%-owned by NSB, is included in the consolidation of the Group as NSB has control and power to govern the financial and operating policies of SAW.

\*1 These subsidiaries were audited by other firms of chartered accountants.

### (a) Acquisition in the previous financial year

On 9 October 2015, the Company acquired 100% equity interest each in Qudotech Sdn. Bhd. ("QSB") and DD Techniche Sdn. Bhd. ("DDT") comprising 750,000 ordinary shares of RM1.00 each in QSB and 500,000 ordinary shares of RM1.00 each in DDT respectively, for a total consideration of RM26,500,000 which was satisfied by a combination of cash amounting to RM14,850,000 and issuance and allotment of 30,657,895 new ordinary shares of RM0.30 each in the Company at an issue price of RM0.38 per share.

The effect of the acquisition on cash flows is as follows:-

	<b>Group 2016 RM</b>
Total cost of acquisition	26,500,000
Less: Non-cash consideration	(11,650,000)
<hr/>	
Consideration to be settled in cash	14,850,000
Add/(Less):	
Property, plant and equipment	721,965
Consideration payable	(7,800,000)
Cash and cash equivalents of subsidiaries acquired	(4,267,687)
<hr/>	
Net cash outflow from acquisition of subsidiaries	3,504,278

Goodwill arising on acquisition is calculated as follows:-

Fair value of net identifiable assets	4,267,688
Goodwill on acquisition (Note 16(i))	22,232,312
<hr/>	
Cost of acquisition	26,500,000

### (b) During the current financial year, Stream FZE was liquidated and an amount of RM1,018,897 was recovered by the Group. The financial effects of the deemed disposal are as follows:

	<b>Group 2017 RM</b>
Cash and bank balances	1,135,922
Other payables	(117,025)
<hr/>	
Net assets disposed	1,018,897
Less: Loss on disposal of Stream FZE	-
<hr/>	
Net proceeds from disposal of Stream FZE	1,018,897
Less: Cash and bank balances	(1,018,897)
<hr/>	
Net cash outflows from disposal of a subsidiary	-



## Notes to the Financial Statements (Cont'd)

### 14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) During the financial year, the following subsidiaries had been incorporated as follows:

- (i) AWC Pureti Sdn. Bhd., incorporated on 13 September 2016 with a issued and paid up share capital of RM2.
- (ii) AWC Rail Sdn. Bhd., incorporated on 29 March 2017 with a issued and paid up share capital of RM1.

The incorporation of the above subsidiaries has no significant impact to the Group and the Company during the financial year.

### 15. OTHER INVESTMENTS

	2017 RM	Group 2016 RM
At cost		
Investment in associate	1,661	1,661
Investment in unquoted shares	1,327,023	1,327,023
	1,328,684	1,328,684
Less: Impairment loss	(1,328,684)	(1,327,023)
	-	1,661
Impairment losses:		
At 1 July 2016/2015	1,327,023	1,327,023
Addition	1,661	-
At 30 June 2017/2016	1,328,684	1,327,023

Details of the associate which is incorporated in Malaysia, are as follow:-

Name of Company	Country of Incorporation	Effective Ownership and Voting Interest		Principal Activities
		2017	2016	
Premium Patents Sdn Bhd	Malaysia	24.99%	24.99%	Dormant

### 16. INTANGIBLE ASSETS

#### (i) Goodwill

	2017 RM	Group 2016 RM
At 1 July 2016/2015	28,144,403	5,912,091
Addition (Note 14(a))	-	22,232,312
At 30 June 2017/2016	28,144,403	28,144,403



# Notes to the Financial Statements (Cont'd)

## 16. INTANGIBLE ASSETS (CONTINUED)

### (i) Goodwill (continued)

#### (a) Impairment tests for goodwill

##### Allocation of goodwill to Cash Generating Units ("CGUs")

The Group's goodwill has been allocated to the respective CGUs which operate in the Environment and Engineering segments as follows:

CGU	2017 RM	2016 RM
Environment - NSB and its subsidiaries	5,912,091	5,912,091
Engineering - QSB and its subsidiary	13,802,238	13,802,238
Engineering - DDT	8,430,074	8,430,074
	28,144,403	28,144,403

##### Key assumptions used in value-in-use computations

The recoverable amount for all CGUs are determined based on value-in-use calculations using pre-tax cash flow projections based on financial budgets estimated by management covering a 5 years period using estimated growth rates which are based on past performance and their expectations of market developments and are discounted at a pre-tax discount rate of 6.7%. Cash flows beyond the period are not included in the computation of value-in-use on the grounds of prudence.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

CGU	Gross Margin	Growth Rate	Discount Rate
Environment - NSB and its subsidiaries	30%	10%	6.7%
Engineering - QSB and its subsidiary	19%	10%	6.7%
Engineering - DDT	33%	10%	6.7%

#### (i) Gross Margin

The basis used to determine the value assigned to the budgeted gross margins is based on historical achieved margins and assumes no significant changes in cost structure or input prices.

#### (ii) Revenue Growth

Revenue growth over the 5 years period is projected based on management's estimation taking into consideration secured orders, anticipated identified future projects/contracts and historical growth rates.

#### (iii) Discount Rates

The discount rates used are pre-tax and take into consideration the industry risks associated with the relevant segments.



## Notes to the Financial Statements (Cont'd)

### 16. INTANGIBLE ASSETS (CONTINUED)

#### (i) Goodwill (continued)

##### (a) Impairment tests for goodwill (continued)

##### (iv) Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the respective CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

#### (ii) Deferred Expenditure

	2017 RM	Group	2016 RM
<b>Cost</b>			
At 30 June 2017/2016	10,202,701		10,202,701
<b>Accumulated amortisation</b>			
At 1 July 2016/2015	10,200,137		10,195,013
Amortisation for the financial year	2,564		5,124
At 30 June 2017/2016	10,202,701		10,200,137
<b>Net carrying amount</b>			
At 30 June 2017/2016	-		2,564

### 17. INVENTORIES

	2017 RM	Group	2016 RM
At cost			
Consumables	903,961		903,961
Trading and installation goods	17,230,535		17,739,818
Less: Impairment losses	18,134,496 (84,999)		18,643,779 (824,398)
	18,049,497		17,819,381
Impairment losses:			
At 1 July 2016/2015	824,398		1,084,049
Addition	84,999		73,142
Written off	(824,398)		-
Reversal	-		(332,793)
At 30 June 2017/2016	84,999		824,398

None of the inventories are stated at net realisable value.



# Notes to the Financial Statements (Cont'd)

## 18. TRADE RECEIVABLES

	2017 RM	Group 2016 RM
Trade receivables	89,678,938	76,566,664
Retention sums on contracts	5,791,879	6,750,599
	95,470,817	83,317,263
Less: Impairment losses	(3,914,682)	(7,578,543)
	91,556,135	75,738,720
Amount due from customers on contracts (Note 20)	43,368,329	36,807,574
	134,924,464	112,546,294

### Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2017 RM	Group 2016 RM
Neither past due nor impaired	56,818,494	45,251,559
1 - 90 days past due but not impaired	21,428,992	18,811,911
91 - 180 days past due but not impaired	3,952,140	3,449,537
More than 180 days past due but not impaired	9,356,509	8,225,713
	34,737,641	30,487,161
Individually impaired	3,914,682	7,578,543
	95,470,817	83,317,263

The Group's trade receivables of RM34,737,641 (2016: RM30,487,161) were past due but not impaired. These debtors are mostly long term customers with no history of default in payments.

The Group's trade receivables of RM3,914,682 (2016: RM7,578,543) were individually impaired. The individually impaired receivables mainly relate to trade customers which are facing difficulties in cash flows. As at the end of the reporting date, the impairment loss for these receivables is RM3,914,862 (2016: RM7,578,543).

Movements on the provision for impairment of trade receivables are as follows:

	2017 RM	Group 2016 RM
At 1 July 2016/2015	7,578,543	1,965,459
Addition	187,569	5,682,234
Reversal	(3,851,430)	(69,150)
At 30 June 2017/2016	3,914,682	7,578,543

The Group's normal trade credit terms range from 30 to 90 days (2015: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.





## Notes to the Financial Statements (Cont'd)

### 19. OTHER RECEIVABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deposits	1,534,806	1,778,435	1,620	260
Prepayments	867,849	797,217	13,072	–
Staff loans	395,118	918,268	–	–
Dividend receivables	–	–	10,200,000	–
Other receivables	19,041,865	11,191,487	117,836	100,940
	<b>21,839,638</b>	<b>14,685,407</b>	<b>10,332,528</b>	<b>101,200</b>
Less: Impairment losses	(42,284)	(142,523)	–	–
	<b>21,797,354</b>	<b>14,542,884</b>	<b>10,332,528</b>	<b>101,200</b>
Impairment losses:				
At 1 July 2016/2015	142,523	142,523	–	–
Reversal	(100,239)	–	–	–
At 30 June 2017/2016	42,284	142,523	–	–

Staff loans are in respect of housing, vehicle, computer and handphone loans granted to the employees of a subsidiary. The loans are unsecured and the repayments are made through deductions from the employees' monthly salaries.

### 20. AMOUNT DUE FROM/(TO) CUSTOMER ON CONTRACTS

	Group	
	2017 RM	2016 RM
Construction costs incurred to date	238,717,512	199,010,440
Attributable profits	106,015,824	76,036,108
	<b>344,733,336</b>	<b>275,046,548</b>
Less: Progress billings	(307,978,452)	(245,300,482)
	<b>36,754,884</b>	<b>29,746,066</b>
Amount due from customers on contracts (Note 18)	43,368,329	36,807,574
Amount due to customers on contracts (Note 32)	(6,613,445)	(7,061,508)
	<b>36,754,884</b>	<b>29,746,066</b>



# Notes to the Financial Statements (Cont'd)

## 21. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

The amounts owing by/(to) subsidiary companies are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

## 22. AMOUNT OWING BY AN ASSOCIATED COMPANY

The amounts owing by an associated company are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

## 23. DEPOSITS WITH LICENCED BANK, CASH AND BANK BALANCES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	45,601,565	32,191,019	1,831,836	4,722,786
Deposits with licensed banks	22,089,656	12,523,829	–	–
	67,691,221	44,714,848	1,831,836	4,722,786

The Group's deposits with licensed banks amounting to RM5,185,495 (2016: RM4,101,526) have been pledged to banks for credit facilities granted to certain subsidiaries, as disclosed in Note 30(i)(a) to the financial statements.

## 24. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	2017 Units	2016 Units	2017 RM	2016 RM
<b>Authorised</b>				
At 1 July 2016/2015	1,666,666,666	1,666,666,666	500,000,000	500,000,000
Abolishment of authorised share capital*	(1,666,666,666)	–	(500,000,000)	–
At 30 June 2017/2016	–	1,666,666,666	–	500,000,000
<b>Issued and fully paid</b>				
At 1 July 2016/2015	261,476,452	228,679,227	78,442,936	68,603,769
Shares issued for acquisition of subsidiaries	–	30,657,895	–	9,197,369
Exercise of employee share options	5,180,970	2,139,330	1,603,491	641,798
Transition to no par value regime*	–	–	11,068,124	–
At 30 June 2017/2016	266,657,422	261,476,452	91,114,551	78,442,936



# Notes to the Financial Statements (Cont'd)

## 24. SHARE CAPITAL (CONTINUED)

During the financial year, the issued and paid-up share capital of the Company had been increased from 261,476,452 to 266,657,422 ordinary shares for cash pursuant to the Company's Employees' Share Option Scheme ("ESOS") at exercise prices of between RM0.336 to RM0.423 per ordinary share.

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

\* The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transition set out in Section 618(2) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of the members as a result of this transition.

### (a) Employees' Share Option Scheme ("ESOS")

On 1 October 2015 the shareholders approved the launch of an ESOS, the main features of which are as follows:

- (i) The ESOS shall be in force for a period of five years from the date of implementation and may be extended or renewed (as the case may be) for a further period of five years at the sole and absolute discretion of the directors upon recommendation of the ESOS Committee provided that the initial period of five years and such extension made shall not in aggregate exceed a duration of ten years from the date of implementation.
- (ii) Natural persons who are eligible under the ESOS include Executive and Non-Executive Directors and employees of the Group who are at least eighteen years of age whose employment with the Group has been confirmed in writing. For the case of non Malaysian citizens, participation in the ESOS shall be determined at the sole and absolute discretion of the ESOS Committee.
- (iii) The aggregate number of shares to be offered under the ESOS shall not exceed 15% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at the date of offer or such other percentage of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) as may be permitted by the relevant authorities from time to time during the duration of the ESOS.
- (iv) The subscription price for each share under the ESOS shall, subject always to the by-laws, be the higher of the volume weighted average market price of the shares for the five market days immediately preceding the date of offer, with a discount of not more than 10%, or any such other percentage of discounts as may be permitted by the authorities from time to time during the duration of the ESOS or the par value of the share at the date of offer.
- (v) The number of shares under option and the option price may be adjusted as a result of any alteration in the capital structure of the Company by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of shares or reduction of capital or otherwise howsoever, if any, made by the Company while an option remains unexercised.
- (vi) Options granted under the ESOS can be exercised by the grantee by notice in writing to the Company during the option period in the prescribed form in multiples of one hundred shares or in any other denomination as prescribed by the authorities as a board lot.
- (vii) No person who is participating in the ESOS will be entitled to participate in more than one employee share options scheme currently implemented by any company within the Group.



# Notes to the Financial Statements (Cont'd)

## 24. SHARE CAPITAL (CONTINUED)

### (a) Employees' Share Option Scheme ("ESOS") (continued)

The movement during the financial year in the number of share options over ordinary shares of the Company, in which the employees of the Group and the Company are entitled to, is as follows:

Exercise price	Date of offer	← Number of options over ordinary shares →				
		1.7.2016	Granted	Lapsed	Exercised	30.6.2017
<b>Group</b>						
33.6 sen	2.11.2015	23,442,100	–	–	(6,334,100)	17,108,000
42.3 sen	15.4.2016	5,709,000	–	–	(986,200)	4,722,800
	Total	29,151,100	–	–	(7,320,300)	21,830,800
<b>Company</b>						
33.6 sen	2.11.2015	600,000	–	–	(480,000)	120,000
42.3 sen	15.4.2016	660,000	–	–	(64,000)	596,000
	Total	1,260,000	–	–	(544,000)	716,000

### (b) Treasury Shares

	← Group/Company →			
	Number of Ordinary Shares		Amount	
	2017	2016	2017 RM	2016 RM
<b>Ordinary shares</b>				
At 30 June 2017/2016	3,326,800	3,326,800	855,221	855,221

This amount relates to the acquisition cost of treasury shares. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

None of the treasury shares were resold or cancelled during the financial year.

### (c) Share Premium

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transition set out in Section 618(2) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of the members as a result of this transition.

## 25. MERGER RELIEF (NON-DISTRIBUTABLE)

Merger relief relates to the excess of the fair value of shares issued by the Company for the acquisition of the subsidiaries over the par value of these shares.

## 26. FOREIGN EXCHANGE RESERVE (NON-DISTRIBUTABLE)

The foreign exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of its foreign operations.



# Notes to the Financial Statements (Cont'd)

## 27. STATUTORY RESERVE (NON- DISTRIBUTABLE)

In accordance with the UAE Federal Commercial Company Law number (8) of 1984 (as amended), the foreign subsidiary is required to transfer annually to a statutory reserve account an amount equal to 10% of the net profit until such reserve is equal to 50% of its share capital.

## 28. REVALUATION RESERVE

The revaluation surplus is used to record increments and decrements on the valuation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

## 29. SHARE OPTION RESERVE

The share option reserve relates to the Employees' Share Option Scheme of the Company which were made available to the employees of the Group and the Company as disclosed in Note 24(a) to the financial statements.

## 30. BORROWINGS

	2017 RM	Group	2016 RM
<b>Short-term borrowings</b>			
Secured:			
Term loan	16,035		14,720
Revolving credit	2,006,743		–
Finance lease payables (Note 30(iii))	632,835		300,640
	<b>2,655,613</b>		<b>315,360</b>
<b>Long-term borrowings</b>			
Secured:			
Term loan	91,865		108,929
Finance lease payables (Note 30(iii))	2,055,213		519,212
	<b>2,147,078</b>		<b>628,141</b>
<b>Total borrowings</b>			
Term loan	107,900		123,649
Revolving credit	2,006,743		–
Finance lease payables (Note 30(iii))	2,688,048		819,852
	<b>4,802,691</b>		<b>943,501</b>
<b>Maturity of borrowings (excluding finance lease payables)</b>			
Not later than 1 year	2,022,777		14,720
Later than 1 year and not later than 2 years	91,865		72,240
Later than 5 years	–		36,689
	<b>2,114,642</b>		<b>123,649</b>



# Notes to the Financial Statements (Cont'd)

## 30. BORROWINGS (CONTINUED)

- (i) The term loans are secured by:
- a lien on the deposits with licensed banks and the accumulation of interest thereon as disclosed in Note 23 to the financial statements;
  - a legal Deed of Assignment of contract proceeds from certain projects awarded to a subsidiary by the Federal Government (represented by the Ministry of Works);
  - legal charges on freehold buildings of the Group as disclosed in Note 11(c) and Note 12 to the financial statements respectively; and
  - a negative pledge on assets of a subsidiary.
- (ii) The term loan of the Group is repayable in monthly installments amounting to RM68,446 (2016: 68,446).
- (iii) Finance lease payables are as follows:

	2017 RM	Group 2016 RM
<b>Minimum lease payments</b>		
Not later than 1 year	695,051	357,200
Later than 1 year and not later than 2 years	891,009	279,496
Later than 2 years and not later than 5 years	1,405,110	278,566
	2,991,170	915,262
Less : Future finance charges	(303,122)	(95,410)
	2,688,048	819,852
<b>Present value of finance lease payables</b>		
Not later than 1 year	632,835	300,640
Later than 1 year and not later than 2 years	751,033	441,957
Later than 2 year and not later than 5 years	1,304,180	77,255
	2,688,048	819,852
<b>Analysed as</b>		
Due within 12 months	632,835	300,640
Due after 12 months	2,055,213	519,212
	2,688,048	819,852

- (iv) The Group is required to comply with certain covenants in relation to the borrowings of its subsidiaries. The salient covenants include, amongst others:
- The subsidiaries concerned are required to maintain a gearing ratio of not more than 2 times of its tangible net worth during the tenure of the borrowing; and
  - The Group is required to maintain a tangible net worth of not less than RM45,000,000 during the tenure of the borrowing.

As at 30 June 2017, the Group has complied with all the requirements of the covenants.



## Notes to the Financial Statements (Cont'd)

### 31. DEFERRED TAXATION

	2017 RM	Group 2016 RM
At 1 July 2017/2016	796,806	148,522
Translation differences	(955)	4,205
Recognised in profit or loss (Note 9)	(29,695)	651,870
Acquisition of subsidiaries	–	(7,791)
<b>At 30 June 2017/2016</b>	<b>766,156</b>	<b>796,806</b>

Deferred tax comprised the following:

Deferred tax assets	(1,041,904)	(963,220)
Deferred tax liabilities	275,748	166,414
	<b>(766,156)</b>	<b>(796,806)</b>

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

#### Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM	Others RM	Total RM
At 1 July 2015	89,891	72,743	162,634
Recognised in profit or loss	189,115	(185,335)	3,780
<b>At 30 June 2016</b>	<b>279,006</b>	<b>(112,592)</b>	<b>166,414</b>
At 1 July 2016	279,006	(112,592)	166,414
Recognised in profit or loss	30,901	77,478	108,379
Exchange differences	955	–	955
<b>At 30 June 2017</b>	<b>310,862</b>	<b>(35,114)</b>	<b>275,748</b>





## Notes to the Financial Statements (Cont'd)

### 31. DEFERRED TAXATION (CONTINUED)

	Payables RM	Allowance for Impairment Losses RM	Others RM	Total RM
At 1 July 2015	(107,357)	–	(203,799)	(311,156)
Recognised in profit or loss	(1,118,191)	(485)	466,612	(652,064)
At 30 June 2016	(1,225,548)	(485)	262,813	(963,220)
At 1 July 2016	(1,225,548)	(485)	262,813	(963,220)
Recognised in profit or loss	(77,479)	–	(1,205)	(78,684)
At 30 June 2017	(1,303,027)	(485)	261,608	(1,041,904)

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

	2017 RM	Group 2016 RM
Unutilised tax losses	1,599,858	1,767,909
Others	6,675,725	11,082,910
	8,275,583	12,850,819

### 32. TRADE PAYABLES

	2017 RM	Group 2016 RM
Trade payables	36,676,624	38,615,370
Amount due to customers on contracts (Note 20)	6,613,445	7,061,508
	43,290,069	45,676,878

The credit period granted to the Group range from 30 to 90 days (2016: 30 to 90 days).



## Notes to the Financial Statements (Cont'd)

### 33. OTHER PAYABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
<b>Current:</b>				
Accruals	20,310,735	7,957,183	808,076	676,607
Provision for short-term accumulating compensated absences	453,443	314,611	14,565	7,356
Retirement benefit obligation	–	302,206	–	–
Sundry payables	1,573,182	774,927	5,860	–
Goods and Services Tax output	137,687	801,769	14,602	58,836
Consideration payable	3,900,000	7,800,000	3,900,000	7,800,000
Dividend payable	9,800,000	3,863,558	–	3,863,558
Project accruals	35,783,185	13,148,821	–	–
	71,958,232	34,963,075	4,743,103	12,406,357
<b>Non-current:</b>				
Retirement benefit obligation	368,508	2,682,030	–	–
	72,326,740	37,645,105	4,743,103	12,406,357

The Group operates an unfunded, non-contributory defined benefit retirement scheme (“the Scheme”) for its eligible employees. Under the Scheme, eligible employees are entitled to retirement contribution at agreed basis for each completed year of service on attainment of the retirement age of 55, without cessation of employment prior to age 55.

The amounts recognised in the statement of financial position are determined as follows:

	Group	
	2017 RM	2016 RM
Present value of unfunded defined benefit obligations	368,508	2,984,235
Current portion	–	302,206
Non-current portion:		
- later than 1 year and not later than 2 years	–	383,165
- later than 2 year and not later than 3 years	–	383,165
- more than 3 years	368,508	1,915,699
	368,508	2,682,029
	368,508	2,984,235



## Notes to the Financial Statements (Cont'd)

### 33. OTHER PAYABLES (CONTINUED)

The amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income were as follows:

	2017 RM	Group 2016 RM
Current service cost	227,492	238,903
Interest cost	84,140	88,361
	311,632	327,264

Movement in the net liability in the current year were as follows:

	2017 RM	Group 2016 RM
At 1 July 2016/2015	2,984,235	2,802,925
Add: Provision for the financial year	311,632	327,264
Less: Payment during the financial year	(580,083)	(145,954)
Less: Reversal of provision	(2,347,276)	-
At 30 June 2017/2016	368,508	2,984,235

Principal actuarial assumptions used:

	2017 %	Group 2016 %
Discount rate	5.0	5.0
Expected salary increment rate	6.0	6.0



## Notes to the Financial Statements (Cont'd)

### 34. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cost of plant and equipment purchased (Note 11)	7,223,848	2,787,507	5,000	3,007
Amount financed through finance lease	(2,229,717)	(369,985)	–	–
Cash disbursed for purchase of plant and equipment	4,994,131	2,417,522	5,000	3,007

### 35. OPERATING LEASE COMMITMENTS

#### Leases As Lessee

	Group	
	2017 RM	2016 RM
Future minimum lease payments under the non-cancellable operating leases are as follows:		
Not later than 1 year	2,232,102	1,882,385
Later than 1 year and not later than 2 years	1,453,891	967,073
Later than 2 year and not later than 5 years	2,699,185	924,185
Later than 5 years	2,818,467	–
	9,203,645	3,773,643

### 36. CONTINGENT LIABILITY

	Company	
	2017 RM	2016 RM
<b>Unsecured:</b>		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	96,210,496	52,500,000



# Notes to the Financial Statements (Cont'd)

## 37. SIGNIFICANT RELATED PARTY DISCLOSURES

For the purpose of the financial statements, the Group and the Company have related party relationship with:

- (a) its subsidiaries;
- (b) its associate;
- (c) its jointly controlled entity; and
- (d) certain directors of subsidiaries who are key management personnel.

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company have carried out the following significant transactions with the related parties during the financial year:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Rental expenses paid to directors of a subsidiary, Gan Geok Soon and Sri Skanda Rajah A/L S. Ratnam	163,128	163,128	-	-
Short-term employee benefits paid/payable to key management personnel	8,289,319	8,573,083	115,600	172,500
Management fee charged to subsidiaries	-	-	(1,500,000)	(1,500,000)
Rental expense payable to a subsidiary company	-	-	42,000	42,000
Dividend income from subsidiaries	-	-	(13,200,000)	(3,672,000)



## Notes to the Financial Statements (Cont'd)

### 38. FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments and their categories:

	2017		2016	
	Loans and receivables/ other financial liabilities RM	Total RM	Loans and receivables/ other financial liabilities RM	Total RM
<b>Group</b>				
<b>Financial assets</b>				
Trade receivables	91,556,135	91,556,135	75,738,720	75,738,720
Other receivables	20,929,505	20,929,505	13,745,667	13,745,667
Amount owing by joint venture	–	–	27,456	27,456
Amount owing by associated company	–	–	324,792	324,792
Cash and cash equivalents	67,691,221	67,691,221	44,714,848	44,714,848
	<b>180,176,861</b>	<b>180,176,861</b>	<b>134,551,483</b>	<b>134,551,483</b>
<b>Financial liabilities</b>				
Trade payables	36,676,624	36,676,624	38,615,370	38,615,370
Other payables	71,504,789	71,504,789	34,346,259	34,346,259
Borrowings	4,802,691	4,802,691	943,501	943,501
	<b>112,984,104</b>	<b>112,984,104</b>	<b>73,905,130</b>	<b>73,905,130</b>
<b>Company</b>				
<b>Financial assets</b>				
Other receivables	10,319,456	10,319,456	101,200	101,200
Amount owing by subsidiary companies	2,088,277	2,088,277	870,683	870,683
Cash and bank balances	1,831,836	1,831,838	4,722,786	4,722,786
	<b>14,239,569</b>	<b>14,239,571</b>	<b>5,694,669</b>	<b>5,694,669</b>
<b>Financial liabilities</b>				
Other payables	3,920,462	3,920,462	11,722,394	11,722,394
Amount owing to subsidiary companies	6,308,763	6,308,763	1,315,700	1,315,700
	<b>10,229,225</b>	<b>10,229,225</b>	<b>13,038,094</b>	<b>13,038,094</b>



# Notes to the Financial Statements (Cont'd)

## 38. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity risk and market 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.

#### Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from trade and other receivables and intercompany receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of trade receivables ageing. At reporting date, there were no significant concentrations of credit risk except as disclosed in Note 18 to the financial statements. The Group monitors the results of the related parties regularly to safeguard credit risk on balances from intercompany receivables.

The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statement of financial position.

#### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from trade and other payables and borrowings.

Cash flow forecasting is performed by monitoring the Group's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.





## Notes to the Financial Statements (Cont'd)

### 38. FINANCIAL INSTRUMENTS (CONTINUED)

#### Financial risk management objectives and policies (continued)

##### Liquidity risk (continued)

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Below 1 year RM	1 to 5 years RM
<b>2017</b>					
<b>Group</b>					
Trade payables	36,676,624		36,676,624	36,676,624	–
Other payables	71,504,789		71,504,789	71,504,789	–
Term loan	107,900	6.9	115,340	17,141	98,199
Revolving credit	2,006,743	5.25	2,112,097	2,112,097	–
Finance lease liabilities	2,688,048	3.28 – 4.27	2,991,170	695,051	2,296,119
	112,984,104		113,400,020	111,005,702	2,394,318
<b>Company</b>					
Other payables	3,920,462		3,920,462	3,920,462	–
Amount owing to subsidiary companies	6,308,763		6,308,763	6,308,763	–
	10,229,225		10,229,225	10,229,225	–
<b>2016</b>					
<b>Group</b>					
Trade payables	38,615,370		38,615,370	38,615,370	–
Other payables	34,346,258		34,346,258	34,346,258	–
Term loan	123,649	6.90	132,181	15,736	116,445
Finance lease liabilities	819,852	2.37 - 7.21	915,262	357,200	558,062
	73,905,129		74,009,071	73,334,564	674,507
<b>Company</b>					
Other payables	11,722,394	–	11,722,394	11,722,394	–
Amount owing to subsidiary companies	1,315,700		1,315,700	1,315,700	–
	13,038,094		13,038,094	13,038,094	–

##### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value interest rate risk that may affect the Group's financial position and cash flows. The Group is not significantly affected by foreign exchange rate and price risks.



# Notes to the Financial Statements (Cont'd)

## 38. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (continued)

#### Market risk (continued)

#### (a) Foreign exchange risk

The Group is exposed to foreign exchange risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily USD, EURO and SEK. The foreign exchange risk is reduced through a policy of matching receipts and payments in each foreign currency.

Group 2017	SGD RM	USD RM	AED RM	QAR RM	HKD RM	EURO RM	SEK RM	MYR RM	Total RM
<b>Financial assets</b>									
Trade receivables	10,971,492	-	9,464,924	3,501,846	6,444,987	-	-	61,172,886	91,556,135
Other receivables	735,378	-	220,299	24,068	-	-	-	19,949,760	20,929,505
Deposits with licensed banks, cash and bank balances	12,553,755	790,159	2,521,264	1,519,650	1,038,821	-	-	49,267,572	67,691,221
	24,260,625	790,159	12,206,487	5,045,564	7,483,808	-	-	130,390,218	180,176,861
<b>Financial liabilities</b>									
Trade payables	3,279,903	157,042	-	436,612	-	3,370,087	1,512,788	27,920,192	36,676,624
Other payables	3,360,632	-	863,685	589,234	15,681	-	-	66,675,557	71,504,789
Term loan	-	-	-	-	-	-	-	107,900	107,900
Revolving credit	-	-	-	-	-	-	-	2,006,743	2,006,743
Finance lease payables	847,360	-	-	-	-	-	-	1,840,688	2,688,048
	7,487,895	157,042	863,685	1,025,846	15,681	3,370,087	1,512,788	98,551,080	112,984,104
Net financial assets/(liabilities)	16,772,730	633,117	11,342,802	4,019,718	7,468,127	(3,370,087)	(1,512,788)	31,839,138	67,192,757
Less: Net financial assets denominated in the entity's functional currency	(16,772,730)	-	(11,342,802)	(4,019,718)	(7,468,127)	-	-	(31,839,138)	(71,442,515)
Currency exposure	-	633,117	-	-	-	(3,370,087)	(1,512,788)	-	(4,249,758)

# Notes to the Financial Statements (Cont'd)

## 38. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (continued)

#### Market risk (continued)

#### (a) Foreign exchange risk (continued)

Group 2016	SGD RM	USD RM	AED RM	QAR RM	HKD RM	EURO RM	SEK RM	MYR RM	Total RM
<b>Financial assets</b>									
Trade receivables	16,276,754	-	7,198,468	-	1,605,731	-	-	50,657,767	75,738,720
Other receivables	393,129	-	133,281	22,658	70,636	-	-	13,125,963	13,745,667
Deposits with licensed banks, cash and bank balances	9,213,995	18,962	7,234,306	615,706	813,712	-	-	26,818,167	44,714,848
	25,883,878	18,962	14,566,055	638,364	2,490,079	-	-	90,601,897	134,199,235
<b>Financial liabilities</b>									
Trade payables	2,552,661	120,108	693,594	4,446	-	3,192,020	1,178,980	30,873,563	38,615,372
Other payables	1,755,724	-	2,612,451	15,714	524,025	-	-	29,438,344	34,346,258
Term loan	123,649	-	-	-	-	-	-	-	123,649
Finance lease payables	194,688	-	-	-	-	-	-	625,164	819,852
	4,626,722	120,108	3,306,045	20,160	524,025	3,192,020	1,178,980	60,937,071	73,905,131
<b>Net financial assets/(liabilities)</b>	21,257,156	(101,146)	11,260,010	618,204	1,966,054	(3,192,020)	(1,178,980)	29,664,826	60,294,104
Less: Net financial assets denominated in the entity's functional currency	(21,257,156)	-	(11,260,010)	(618,204)	(1,966,054)	-	-	(29,664,826)	(64,766,250)
Currency exposure	-	(101,146)	-	-	-	(3,192,020)	(1,178,980)	-	(4,472,146)



# Notes to the Financial Statements (Cont'd)

## 38. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (continued)

#### Market risk (continued)

#### (a) Foreign exchange risk (continued)

##### Currency risk sensitivity analysis

The following shows the sensitivity of the Group's post-tax profit or loss to a reasonably possible change in the foreign currency exchange rate against the Group's functional currency ("RM"), with all other variables remain constant.

	Increase/(Decrease) profit or loss	
	2017 RM	2016 RM
USD – strengthening 5%	24,058	(3,844)
EURO – strengthening 5%	(128,063)	(121,297)
SEK – strengthening 5%	(57,486)	(44,801)
	(161,491)	(169,942)

#### (b) Interest Rate Risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from borrowings and deposits. The Group does not hedge the interest rate risk.

##### Exposure to interest rate risk

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

	Group	
	2017 RM	2016 RM
<b>Fixed rate instruments</b>		
Financial assets	22,089,656	12,523,829
Financial liabilities	(4,802,691)	(943,501)
	17,286,965	11,580,328

Since the Group and the Company's fixed rate financial assets and liabilities are measured at amortised cost, possible changes in interest rates are not expected to have a significant impact on the Group and the Company's profit or loss.

#### Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that is not based on observable market data.



# Notes to the Financial Statements (Cont'd)

## 38. FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value information (Continued)

The following table analyses the fair values of financial instrument not carried at fair value, together with their carrying amounts in the statement of financial position:

	Level 2 RM	Total fair value RM	Carrying amount RM
<b>2017</b>			
<b>Financial liabilities</b>			
Finance lease liabilities	2,688,048	2,688,048	2,688,048
<b>2016</b>			
<b>Financial liabilities</b>			
Finance lease liabilities	819,852	819,852	819,852

## 39. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

## 40. OPERATING SEGMENTS

### (a) Business Segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. Each of the strategic business units operating results are reviewed regularly by the Managing Director/Group Chief Executive Officer. The following summary describes the operations in each of the Group's reportable segments:

- (i) Investment holding - provide group-level corporate services.
- (ii) Facilities - provision of an integrated range of maintenance services for office, commercial, industrial, residential and administrative buildings. These services include electrical, mechanical, civil, structural, energy and utility management and maintenance, vertical transport management, security and safety management and central monitoring systems, landscaping and ground care.
- (iii) Engineering - provision of various mechanical and electrical engineering services for the building industry. These include computerised Building Automation Systems (BAS), trading and installation of Heating, Ventilation and Air-Conditioning Systems (HVAC), integrated installation of electrical systems, energy saving and lift systems, trading of specialised water tanks and rainwater harvesting products, and installation of plumbing systems into building and facilities.
- (iv) Environment - provision of environmentally-friendly solutions to waste collection system management. These include general trading, design, development, installation and commissioning of cleaning equipment, central vacuum systems and STREAM Automated Pneumatic Waste Collection System.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly tax recoverable, deferred tax assets, deferred tax liabilities and provision for taxation.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.



# Notes to the Financial Statements (Cont'd)

## 40. OPERATING SEGMENTS (CONTINUED)

### (a) Business Segments (Continued)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Adjustment and Eliminations RM	Per Consolidated Financial Statements RM
<b>30 June 2017</b>						
<b>Revenue</b>						
External revenue	-	115,553,938	111,663,800	69,277,893	-	296,495,631
Inter-segment revenue	14,700,000	19,637,279	7,205,375	-	(41,542,654)	-
	14,700,000	135,191,217	118,869,175	69,277,893	(41,542,654)	296,495,631
<b>Results</b>						
Results before the following adjustments	11,942,582	7,500,266	13,008,770	22,136,758	(12,831,950)	41,756,426
Depreciation and amortisation	(20,323)	(1,242,117)	(475,770)	(724,327)	-	(2,462,537)
Impairment losses on trade receivables	-	(41,777)	(116,933)	(28,859)	-	(187,569)
Other non-cash items	132	(41,777)	(150,794)	178,582	-	(13,857)
Segment results	11,922,391	6,174,595	12,265,273	21,562,154	(12,831,950)	39,092,463
Net finance income/(cost)	(43,286)	(47,555)	(264,291)	(82,614)	-	(437,746)
Taxation	(307,670)	(1,272,008)	(2,670,478)	(3,502,931)	-	(7,753,087)
Consolidated profit after taxation for the financial year						30,901,630



## Notes to the Financial Statements (Cont'd)

### 40. OPERATING SEGMENTS (CONTINUED)

#### (a) Business Segments (Continued)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Adjustment and Eliminations RM	Per Consolidated Financial Statements RM
<b>30 June 2017</b>						
<b>Assets</b>						
Segment assets	102,366,278	104,753,819	82,601,292	97,687,467	(99,432,050)	287,976,806
Tax recoverable	88,037	3,310,178	-	-	-	3,398,215
Deferred tax assets	-	-	485	1,041,419	-	1,041,904
Consolidated total assets	102,454,315	108,063,997	82,601,777	98,728,886	(99,432,050)	292,416,925
<b>Liabilities</b>						
Segment liabilities	11,422,411	73,102,842	38,844,254	37,666,937	(40,129,568)	120,906,876
Deferred tax liabilities	-	146,002	52,268	77,478	-	275,748
Provision for taxation	-	-	890,016	666,561	-	1,556,577
Consolidated total liabilities	11,422,411	73,248,844	39,786,538	38,410,976	(40,129,568)	122,739,201
<b>Other segment items</b>						
Additions to non-current assets other than financial instruments - property, plant and equipment	5,000	1,917,239	1,362,592	3,939,017	-	7,223,848



# Notes to the Financial Statements (Cont'd)

## 40. OPERATING SEGMENTS (CONTINUED)

### (a) Business Segments (Continued)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Adjustment and Eliminations RM	Per Consolidated Financial Statements RM
<b>30 June 2016</b>						
<b>Revenue</b>						
External revenue	–	96,657,578	78,328,604	73,545,591		248,531,773
Inter-segment revenue	5,172,000	15,189,359	4,865,903	–	(25,227,262)	–
	5,172,000	111,846,937	83,194,507	73,545,591	(25,227,262)	248,531,773
<b>Results</b>						
Results before the following adjustments	3,379,347	8,786,799	7,631,291	23,226,170	(4,526,133)	38,497,474
Depreciation and amortisation	(30,963)	(845,028)	(319,248)	(592,835)	2,142	(1,785,932)
Impairment losses on investment in subsidiaries no longer required	20,298,946	–	–	–	(20,298,946)	–
Impairment losses on investment in subsidiaries	(802,332)	–	–	–	802,332	–
Impairment losses on trade receivables	–	(402,015)	(688,072)	(4,592,147)	–	(5,682,234)
Impairment losses on trade receivables no longer required	–	–	69,150	–	–	69,150
Bad debts recovered	–	–	254,792	–	–	254,792
Fair value adjustment on investment in jointly controlled entity	–	–	–	(1,571,535)	–	(1,571,535)
Other non-cash items	–	(49,236)	(395,805)	471,464	–	26,423
Segment results	22,844,998	7,490,520	6,552,108	16,941,117	(24,020,605)	29,808,138
Net finance income/(cost)	86,559	228,923	45,136	(94,117)	–	266,501
Taxation	(645,343)	(1,921,000)	(1,308,085)	(2,575,167)	–	(6,449,595)
Zakat	(30,000)	–	–	–	–	(30,000)
Consolidated profit after taxation for the financial year						23,595,044





## Notes to the Financial Statements (Cont'd)

### 40. OPERATING SEGMENTS (CONTINUED)

#### (a) Business Segments (Continued)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Adjustment and Eliminations RM	Per Consolidated Financial Statements RM
<b>30 June 2016</b>						
<b>Assets</b>						
Segment assets	94,144,559	68,379,253	71,049,560	78,165,769	(79,761,061)	231,978,080
Tax recoverable						963,220
Deferred tax assets						2,092,532
Consolidated total assets						235,033,832
<b>Liabilities</b>						
Segment liabilities	14,033,571	37,424,763	38,274,418	17,584,220	(22,704,446)	84,612,526
Deferred tax liabilities						166,414
Provision for taxation						2,449,160
Consolidated total liabilities						87,228,100
<b>Other segment items</b>						
Additions to non-current assets other than financial instruments - property, plant and equipment	3,007	1,370,921	386,750	1,026,829	-	2,787,507



# Notes to the Financial Statements (Cont'd)

## 40. OPERATING SEGMENTS (CONTINUED)

### (b) Geographical Segment

	Malaysia RM	Singapore RM	Qatar RM	United Arab Emirates, Abu Dhabi RM	Total RM
<b>30 June 2017</b>					
Revenue	232,293,530	51,975,061	1,120,650	11,106,390	296,495,631
Non-current assets	44,000,907	2,544,185	–	11,082	46,556,174
<b>30 June 2016</b>					
Revenue	174,358,853	48,002,736	–	26,170,184	248,531,773
Non-current assets	40,566,646	1,265,422	–	1,133,577	42,965,645

### (c) Information About Major Customer

The major customer with revenue equal to or more than 10% of the Group revenue is as follow:-

	Segment	2017 RM	Group 2016 RM
Kementerian Kerja Raya Malaysia	Facilities	53,862,151	48,911,529

## 41. DIVIDENDS

	2017 RM	Group/Company 2016 RM
Dividend paid in respect of the financial year ended 30 June 2016:		
Single tier special dividend of 1.5 sen on 257,571,251 ordinary shares, declared on 20 June 2016 and paid on 1 July 2016	–	3,863,558
Final single tier dividend of 1.0 sen on 259,960,422 ordinary shares, approved by shareholders on 28 November 2016 and paid on 10 January 2017	2,599,604	–
Dividend paid in respect of financial year ended 30 June 2017:		
Interim single tier dividend of 1.0 sen on 261,448,272 ordinary shares, declared on 27 February 2017 and paid on 5 April 2017	2,614,483	–
	5,214,087	3,863,558



# Notes to the Financial Statements (Cont'd)

## 42. SUBSEQUENT EVENTS

On 28 July 2017, Ambang Wira Sdn Bhd (“AWSB”), a wholly owned subsidiary of the Company, accepted a contract for Facilities Management of Kompleks Kementerian Luar Negeri (“KLN”) situated in Putrajaya from the Government of Malaysia (“GOM”). The contract amounted to approximately RM42.4 million over the maintenance period of five (5) years from 1 August 2017 till 31 July 2022.

On 14 August 2017, AWSB accepted a contract for Facilities Management of Bangunan Kementerian Luar Bandar Dan Wilayah Malaysia (“KLBW”) situated in Putrajaya from the GOM. The contract amounted to approximately RM32.86 million over the maintenance period of five (5) years from 16 August 2017 till 15 August 2022.

On 22 August 2017, AWSB accepted a contract for Facilities Management of Bangunan Kompleks Kementerian Komunikasi Dan Multimedia Malaysia (“KKMM”) situated in Putrajaya from the GOM. The contract amounted to approximately RM31.74 million over the maintenance period of five (5) years from 1 September 2017 till 31 August 2022.

On 14 September 2017, Qudotech Sdn Bhd (“Qudotech”), a wholly owned subsidiary of the Company has accepted a subcontract valued at RM32.6 million from MCC Overseas (M) Sdn Bhd, the Main Contractor. The subcontract is for the provision of plumbing works for the 8 Conlay Project developed by Damai City Sdn Bhd, the owner of the project.

On 18 September 2017, AWSB accepted a contract for Facilities Management of Kompleks Kerajaan Lot 3G3 in Presint 3 Putrajaya from the GOM. The contract amounted to approximately RM24.38 million over the maintenance period of five (5) years from 1 October 2017 till 30 September 2022.

AWSB has agreed to mutually terminate the contract for the Facilities Management of Terminal Bersepadu Selatan (“TBS”) in Bandar Tasik Selatan, which has been secured on 9 June 2016, by entering into a Mutual Termination Agreement (“MTA”) with the GOM on 10 October 2017.



## SUPPLEMENTARY INFORMATION DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the realised and unrealised retained profits/(accumulated losses) as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained profits/ (accumulated losses):				
- Realised	104,357,323	90,333,979	(13,625,061)	(20,362,242)
- Unrealised	(440,801)	(2,918,597)	-	-
	103,916,522	87,415,382	(13,625,061)	(20,362,242)
Total share of retained profits of joint venture:				
- Realised	-	1,123,090	-	-
	103,916,522	88,538,472	(13,625,061)	(20,362,242)
Less: Consolidation adjustments	(63,747,137)	(65,173,862)	-	-
At 30 June 2017/2016	40,169,385	23,364,610	(13,625,061)	(20,362,242)

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



# SUMMARY OF GROUP PROPERTIES

As at 30 June 2017

No.	Owner	Location	Description	Existing use	Land area (Sq. ft.)	Built-up area (Sq. ft.)	Tenure	Approximate age of building	Audited net book value as at 30 June 2017 (RM)	Date of acquisition/ Last revaluation
1.	Ambang Wira Sdn Bhd	An intermediate shop lot and six intermediate office lots known as parcel Nos. S23A-1, Level 1, S23A-2, Level 2, S23A-3, Level 3, S23A-3A, Level 3A, S23A-5, Level 5, S23A-6, Level 6 and S23A-7, Level 7, respectively all in Block S23A in Subang Business Centre erected on part of the land held under Grant 54290, Lot 50530, Pekan Subang Jaya, District of Petaling, Selangor Darul Ehsan	Shop lot and office lots	Office	-	11,737	Freehold	21 years	3,368,154	22 June 2000/ 30 October 2014
2.	Ambang Wira Sdn Bhd	An intermediate shop lot and six intermediate office lots known as parcel Nos. S25-1, Level 1, S25-2, Level 2, S25-3, Level 3, S25-3A, Level 3A, S25-5, Level 5, S25-6, Level 6 and S25-7, Level 7, respectively all in Block S25 in Subang Business Centre erected on part of the land held under Grant 54290, Lot 50530, Pekan Subang Jaya, District of Petaling, Selangor Darul Ehsan	Shop lot and office lots	Office	-	11,737	Freehold	21 years	3,547,995	29 November 2002/ 30 October 2014
3.	Qudotech Sdn Bhd	Unit No 2.016, Floor No. 2, Rhythm Avenue, USJ 19, HS (D) 108337, PT No. 3462, Mukim of Damansara, District of Petaling, State of Selangor	Shop Lot	Vacant	-	207	Freehold	17 years	133,699	31 October 2000/ nil
4.	Qudotech Sdn Bhd	Unit No 2.017, Floor No. 2, Rhythm Avenue, USJ 19, HS (D) 108337, PT No. 3462, Mukim of Damansara, District of Petaling, State of Selangor	Shop Lot	Vacant	-	196	Freehold	17 years	126,749	31 October 2000/ nil
5.	Stream Environment Sdn Bhd	No. 11 Jalan Sungai Besi Indah 5/2, Taman Sungai Besi Indah, 43300 Seri Kembangan, Selangor. HS (D) 258758, PT No. 404, Pekan Baru Sungai Besi, District of Petaling, State of Selangor	Shop Lot	Office	-	7,464	99-year leasehold expiring 21 July 2108	17 years	1,950,000	13 Feb 2017/ 25 <sup>th</sup> July 2016
									9,106,597	



# ANALYSIS OF SHAREHOLDINGS

As at 29 September 2017

Total number of Issued Shares	:	263,988,734 Ordinary Shares
Class of Equity Securities	:	Ordinary Shares ("Shares")
Voting Rights by Show of Hand	:	One vote for every member
Voting Rights by poll	:	One vote for every Share held

## DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Shareholdings	No. of Holders	%	No. of Shares #	%
Less than 100	1,807	26.72	127,374	0.05
100 – 1,000	1,519	22.46	824,351	0.31
1,001 – 10,000	2,334	34.51	12,001,485	4.55
10,001 – 100,000	933	13.80	29,381,337	11.13
100,001 – less than 5 % of the issued shares	169	2.50	141,513,129	53.60
5% and above of the issued shares	1	0.01	80,141,058	30.36
<b>Total</b>	<b>6,763</b>	<b>100.00</b>	<b>263,988,734</b>	<b>100.00</b>

# Excluding a total of 3,326,800 shares bought back and retained as treasury shares.

## SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 29 SEPTEMBER 2017

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	No. of Ordinary Shares		
		%*	Indirect Interest	%*
K-Capital Sdn Bhd	80,144,000	30.36	–	–
Dato' Ahmad Kabeer bin Mohamed Nagoor	8,813,600	3.34	80,144,000 <sup>a</sup>	30.36
Employees Provident Fund Board	14,074,800	5.33	–	–

Note:

<sup>a</sup> Deemed interested by virtue of Section 8(4) of the Companies Act 2016 held through K-Capital Sdn Bhd.

## DIRECTOR'S SHAREHOLDINGS AS AT 29 SEPTEMBER 2017

(As per the Register of Directors' Shareholdings)

Name of Director	Direct Interest	No. of Ordinary Shares		
		%*	Indirect Interest	%*
Dato' Ahmad Kabeer bin Mohamed Nagoor	8,813,600	3.34	80,144,000 <sup>a</sup>	30.36

Notes:

<sup>a</sup> Deemed interested by virtue of Section 8(4) of the Companies Act 2016 held through K-Capital Sdn Bhd.

## No. of Options under Employees' Share Option Scheme (ESOS)

### Name of Directors

Dato' Ahmad Kabeer Bin Mohamed Nagoor	3,000,000
Dato' Nik Mod Amin Bin Nik Abd Majid	500,000



# Analysis of Shareholdings (Cont'd)

as at 29 september 2017

## 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 29 SEPTEMBER 2017

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%*
1.	K-Capital Sdn Bhd	80,141,058	30.36
2.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for EVLI Emerging Frontier Fund	12,023,100	4.55
3.	Ignatius Luke Jr Tan Keng Hee	11,150,000	4.22
4.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	9,002,400	3.41
5.	Citigroup Nominees (Asing) Sdn Bhd - CBLDN for Polunin Emerging Markets Small Cap Fund, LLC	8,951,000	3.39
6.	Ahmad Kabeer bin Mohamed Nagoor	7,813,600	2.96
7.	Zainab Binti Abdul Rahman	5,100,000	1.93
8.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (RHBIslamic)	5,072,400	1.92
9.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for RHB Small Cap Opportunity Unit Trust	4,525,000	1.71
10.	Tan Siew Kheng	3,086,000	1.17
11.	CIMB Islamic Nominees (Tempatan) Sdn Bhd - CIMB Islamic Trustee Berhad – Kenanga Syariah Growth Fund	3,063,300	1.16
12.	Amanah Raya Berhad - Kumpulan Wang Bersama	2,833,100	1.07
13.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for RHB Dana Islam	2,701,200	1.02
14.	Ho Shu Keong	2,694,200	1.02
15.	Tan Han Wooli	2,050,000	0.78
16.	Frontvest Holdings Sdn Bhd	2,000,000	0.76
17.	Vibrant Model Sdn Bhd	2,000,000	0.76
18.	Shaul Hamid Bin Madar	1,878,100	0.71
19.	Tan Siew Kheng	1,662,112	0.63
20.	Public Nominees (Asing) Sdn Bhd - Pledged Securities Account for Veronica Bong (E-SPG)	1,645,000	0.62
21.	Chan Ai Sim	1,611,000	0.61
22.	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (KNGA SML CAP FD)	1,595,300	0.60
23.	HSBC Nominees (Asing) Sdn Bhd - Morgan Stanley & Co. International PLC (Firm A/C)	1,421,800	0.54
24.	Tengen Supplies Sdn Bhd	1,414,900	0.54
25.	Slam Resources Sdn Bhd	1,350,000	0.51
26.	HSBC Nominees (Asing) Sdn Bhd - Exempt An for Caceis Bank (LUX BR-UCITSCLT)	1,343,000	0.51
27.	Cartaban Nominees (Tempatan) Sdn Bhd - RHB Trustees Berhad for KAF Vision Fund	1,325,000	0.50
28.	Raymond Sia Say Guan	1,245,000	0.47
29.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for RHB Growth and Income Focus Trust	1,114,100	0.42
30.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for RHB Emerging Opportunity Unit Trust	1,110,000	0.42

\* All percentage shareholding computations are based on the total number of issued shares less treasury shares account (3,326,800 shares) arising from the share buy back exercise.



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Sixteenth Annual General Meeting of AWC BERHAD (“the Company”) will be held at Ballroom 1, First Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 21 November 2017 at 10.00 a.m. to transact the following businesses:-

## A G E N D A

### As Ordinary Business:

- |    |  |                                 |
|----|--|---------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of the Directors and Auditors thereon.   | <b>PLEASE REFER TO NOTE (i)</b> |
| 2. | To approve the payment of a Final Single-Tier Dividend of 1 sen per ordinary share for the financial year ended 30 June 2017.  | <b>ORDINARY RESOLUTION 1</b>    |
| 3. | To approve the payment of Directors’ fees and benefits of RM115,600 for the financial year ended 30 June 2017.   | <b>ORDINARY RESOLUTION 2</b>    |
| 4. | To approve the payment of Directors’ fees and benefits of up to RM308,000 for the financial year ending 30 June 2018.  | <b>ORDINARY RESOLUTION 3</b>    |
| 5. | To re-elect Dato’ Ahmad Kabeer Bin Mohamed Nagoor as Director who retires by rotation in accordance with Clause 103 of the Company’s Constitution.   | <b>ORDINARY RESOLUTION 4</b>    |
| 6. | To re-elect the following Directors who retire by rotation in accordance with Clause 109 of the Company’s Constitution:-   |                                 |
|    | i. Yang Mulia Tunku Puan Sri Dato’ Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj  | <b>ORDINARY RESOLUTION 5</b>    |
|    | ii. Sureson A/L Krisnasamy   | <b>ORDINARY RESOLUTION 6</b>    |
|    | iii. Ahri Bin Hashim   | <b>ORDINARY RESOLUTION 7</b>    |
| 7. | To re-appoint Messrs. Morison Anuarul Azizan Chew as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. | <b>ORDINARY RESOLUTION 8</b>    |

### As Special Business:

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

- |    |   |                              |
|----|---|------------------------------|
| 8. | <b>CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR</b>   | <b>ORDINARY RESOLUTION 9</b> |
|    | “THAT approval be and is hereby given to Dato’ Nik Mod Amin Bin Nik Abd Majid who would have served as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years on 31 August 2018, to continue acting as an Independent Non-Executive Director of the Company.” |                              |





# Notice of Annual General Meeting (Cont'd)

9. **GENERAL AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

**ORDINARY RESOLUTION 10**

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

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

## NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS ALSO HEREBY GIVEN** that a Final Single-Tier Dividend of 1 sen per ordinary share in respect of the financial year ended 30 June 2017, if approved by the shareholders at the Sixteenth Annual General Meeting of the Company, will be paid on 10 January 2018 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 15 December 2017.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- i. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 15 December 2017 in respect of ordinary transfers; and
- ii. Shares bought on the Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By order of the Board

**TEA SOR HUA (MACS 01324)**

*Company Secretary*

Petaling Jaya, Selangor Darul Ehsan  
30 October 2017

## Notes:

- i. The Agenda No. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of members for the Audited Financial Statements. Hence, Agenda No. 1 will not be put forward for voting.
- ii. A member of the Company who is entitled to attend and vote at the Sixteenth Annual General Meeting (“the Meeting” or “Sixteenth AGM”) is entitled to appoint up to two (2) proxies to attend and vote at the Meeting in his stead. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.



# Notice of Annual General Meeting (Cont'd)

- iii. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the members to speak at the Meeting.
- iv. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- v. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- vi. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- vii. To be valid, the instrument appointing a proxy must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.
- viii. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 66(c) of the Company's Constitution to issue a General Meeting Record of Depositors as at 13 November 2017. Only members whose name appears in the Record of Depositors as at 13 November 2017 shall be entitled to attend the Meeting and to speak and vote thereat.
- ix. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by poll.

## EXPLANATORY NOTES TO SPECIAL BUSINESS

### 1. Item 8 of the Agenda

The Nomination Committee of the Company has assessed the independence of Dato' Nik Mod Amin Bin Nik Abd Majid, who would have served as Independent Non-Executive Director of the Company for a cumulative term of nine (9) years on 31 August 2018, and recommended him to continue acting as Independent Non-Executive Director of the Company pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012. The justifications are stated in the Statement on Corporate Governance of the Annual Report for the financial year ended 30 June 2017.

### 2. Item 9 of the Agenda

The Ordinary Resolution 10 proposed under item 9 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Companies Act 2016. This Ordinary Resolution, if passed, is to empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier.

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

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Fifteenth Annual General Meeting held on 28 November 2016 which will lapse at the conclusion of the Sixteenth AGM.

# PROXY FORM

**AWC BERHAD**  
(550098-A)  
(Incorporated in Malaysia)

I/We \_\_\_\_\_ NRIC/Company No. \_\_\_\_\_  
(full name in capital letters)

of \_\_\_\_\_  
(full address)

being (a) member(s) of AWC BERHAD hereby appoint \_\_\_\_\_

\_\_\_\_\_ NRIC No. \_\_\_\_\_  
(full name in capital letters)

of \_\_\_\_\_  
(full address)

and/or\* \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(full name in capital letters)

of \_\_\_\_\_  
(full address)

or failing him/her\*, the Chairman of the Meeting 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 Ballroom 1, First Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 21 November 2017 at 10.00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of a Final Single-Tier Dividend of 1 sen per ordinary share for the financial year ended 30 June 2017.		
2.	To approve the payment of Directors' fees and benefits of RM115,600 for the financial year ended 30 June 2017.		
3.	To approve the payment of Directors' fees and benefits of up to RM308,000 for the financial year ending 30 June 2018.		
4.	To re-elect Dato' Ahmad Kabeer Bin Mohamed Nagoor as Director who retires by rotation in accordance with Clause 103 of the Company's Constitution.		
5.	To re-elect Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj as Director who retires pursuant to Clause 109 of the Company's Constitution.		
6.	To re-elect Sureson A/L Krisnasamy as Director who retires pursuant to Clause 109 of the Company's Constitution.		
7.	To re-elect Ahri Bin Hashim as Director who retires pursuant to Clause 109 of the Company's Constitution.		
8.	To re-appoint Messrs. Morison Anuarul Azizan Chew as Auditors of the Company.		
9.	To retain Dato' Nik Mod Amin Bin Nik Abd Majid as Independent Non-Executive Director.		
10.	To approve the authority for Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

\* delete whichever not applicable

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

<b>CDS Account No.</b>	
<b>Number of Shares Held</b>	

Percentage of shareholdings to be represented by the proxies:		
	No. of shares	%
<b>Proxy 1</b>		
<b>Proxy 2</b>		
<b>TOTAL</b>		<b>100</b>

\_\_\_\_\_  
Signature/Common Seal of Member(s)

## NOTES:

- A member of the Company who is entitled to attend and vote at the Sixteenth Annual General Meeting ("the Meeting") is entitled to appoint up to two (2) proxies to attend and vote at the Meeting in his stead. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the members to speak at the Meeting.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- To be valid, the instrument appointing a proxy must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.
- For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 66(c) of the Company's Constitution to issue a General Meeting Record of Depositors as at 13 November 2017. Only members whose name appears in the Record of Depositors as at 13 November 2017 shall be entitled to attend the Meeting and to speak and vote thereat.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by poll.



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AFFIX  
STAMP

The Share Registrar of  
**AWC BERHAD (550098-A)**  
Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite,  
Avenue 3, No.8, Jalan Kerinchi,  
Bangsar South,  
59200 Kuala Lumpur

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**AWC Berhad** (550098-A)

20-2, Subang Business Centre, Jalan USJ 9/5T, 47620 UEP Subang Jaya, Selangor Darul Ehsan, Malaysia.

**Tel No :** +6 03 8024 4505/04/03 **Fax No :** +6 03 8025 9343

[www.awc.com.my](http://www.awc.com.my)

