



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

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.

TABLE OF CONTENTS

Financial Highlights	4
Group Structure	6
Corporate Information	7
Board of Directors	8
Board of Directors' Profile	10
Key Senior Management Profile	13
Chairman's Statement	18
Management Discussion & Analysis	24
Sustainability Statement	31
Corporate Governance Overview Statement	43
Audit and Risk Management Committee Report	60
Statement on Risk Management And Internal Control	63
Additional Compliance Information	67
Financial Statements	69
Directors' Report	70
Statements of Financial Position	76
Statements of Comprehensive Income	78
Statements of Changes In Equity	79
Statements of Cash Flows	83
Notes to the Financial Statements	87
Statement by Directors	163
Statutory Declaration	163
Independent Auditors' Report	164
Summary of Group Properties	169
Analysis of Shareholdings	170
Notice of Annual General Meeting	172
Proxy Form	

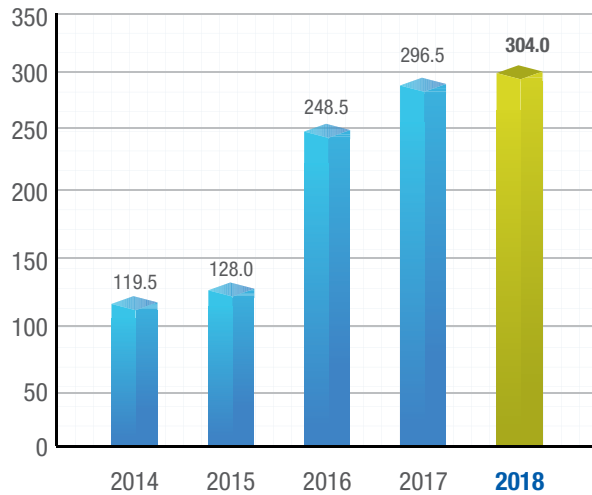
FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 30 JUNE	CONSOLIDATED / GROUP				
	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
Statement of Comprehensive Income Highlights:					
Revenue	119,506	128,017	248,532	296,496	303,978
Profit From Operations	13,223	12,695	29,808	38,577	32,095
Profit Before Tax	13,753	12,769	30,075	38,655	33,951
Net Profit For The Financial Year	9,960	11,716	23,595	30,902	27,028
Net Profit Attributable to Owners of The Company	6,952	8,082	17,127	22,019	21,659
Earnings Per Share (sen)					
- Basic	3.1	3.6	6.9	8.3	8.1
- Fully Diluted	-	-	6.7	7.9	7.9
Gross Dividend Per Share (sen)	-	-	2.5	2.0	0.5
Statement of Financial Position Highlights:					
Share Capital	68,604	68,604	78,443	91,115	94,841
Shareholders' Equity	79,012	91,597	118,998	141,246	163,706
Total Assets	148,309	152,986	235,034	292,417	276,109
Debt/Equity Ratio	0.04	0.02	0.01	0.03	0.07
Current Ratio	3.6	4.1	2.3	2.0	3.51
Net Assets Per Share (sen)	35.1	40.6	45.5	53.0	60.8

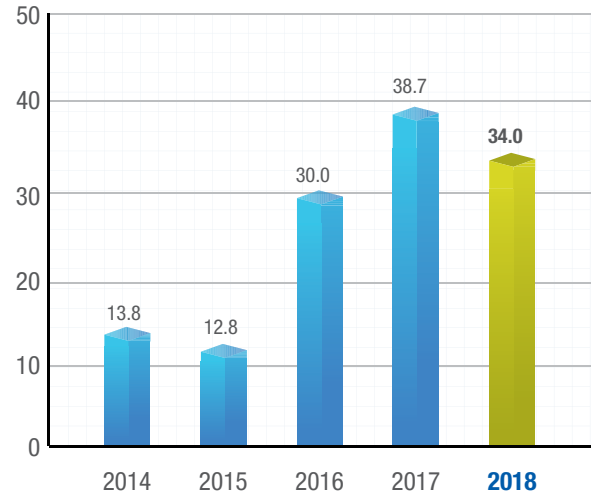


Financial Highlights (cont'd)

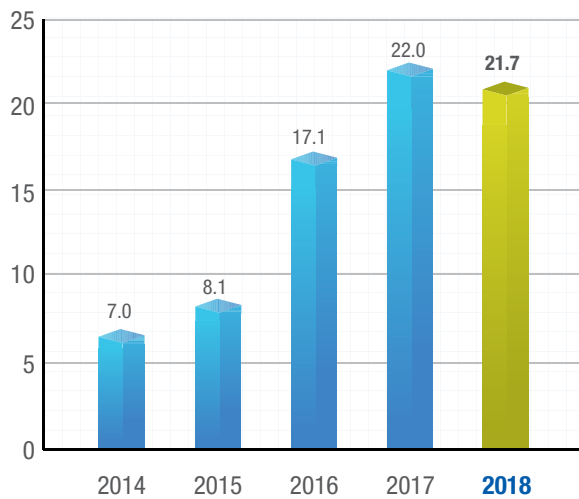
REVENUE (RM'Mil)



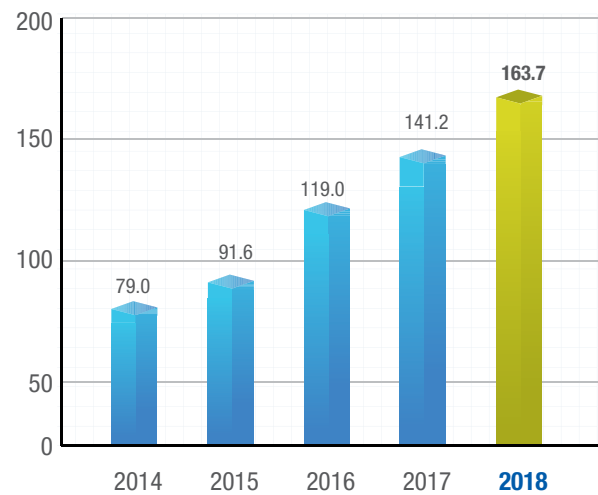
PROFIT BEFORE TAX (RM'Mil)



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

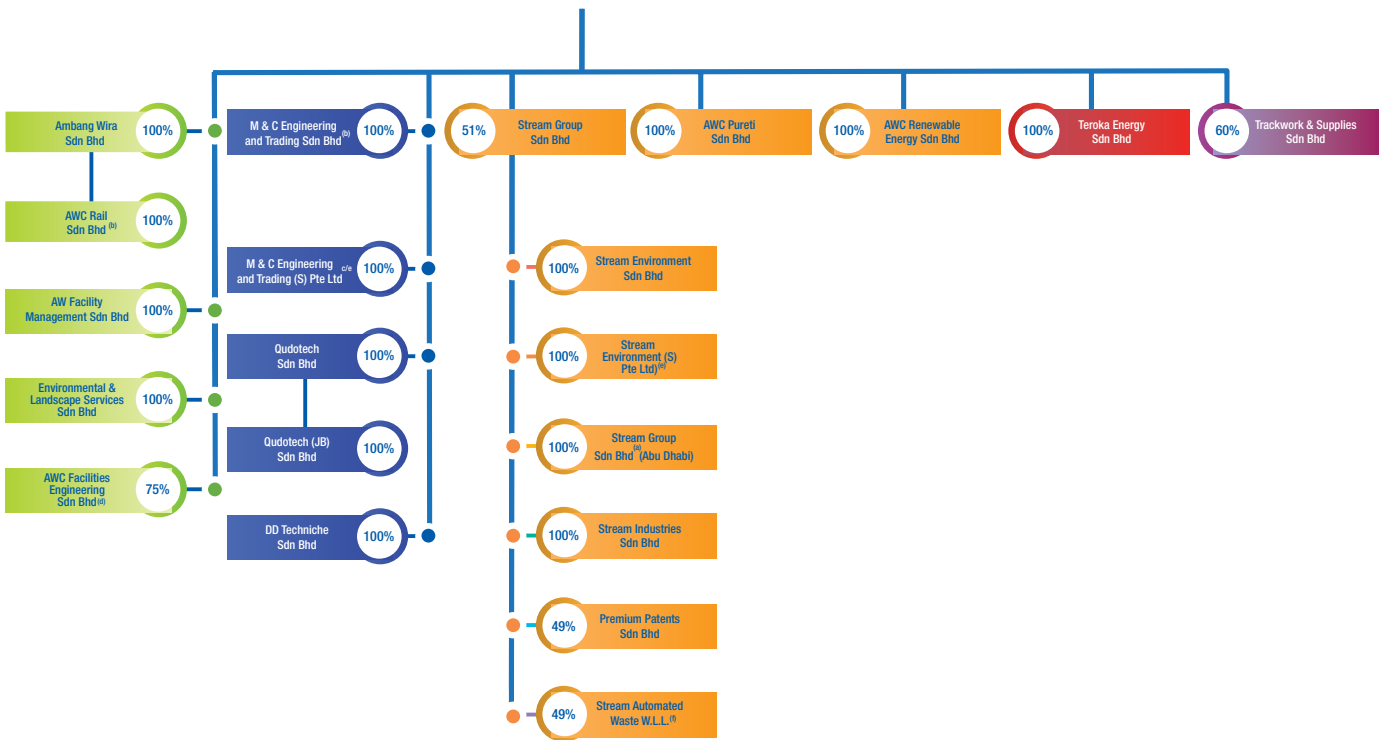


SHAREHOLDERS' EQUITY (RM'Mil)



GROUP STRUCTURE

As At 16 October 2018



- Facilities Division
- Engineering Division
- Environmental Division
- Investment Holding Company
- Rail Division

- a Stream Group Sdn Bhd (Abu Dhabi) Branch Office
- b 15% interest held via Ambang Wira Sdn Bhd
- c 51% interest held via M & C Engineering and Trading Sdn Bhd
- d 1% interest held via AW Facility Management Sdn Bhd and 25% interest held via DS Capital Sdn. Bhd.
- e Incorporated in Singapore
- f 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
Group Chief Executive Officer/President

Sureson A/L Krisnasamy
Independent Non-Executive Director

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

Dato' Ahri Bin Hashim
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

Dato' Ahri Bin Hashim (*Chairman*)
Dato' Nik Mod Amin Bin Nik Abd Majid
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati
Binti Tunku Abdul Rahman Putra Al-Haj

EMPLOYEE'S SHARE OPTION SCHEME COMMITTEE

Dato' Ahmad Kabeer Bin Mohamed Nagoor
(Chairman)
Sureson A/L Krisnasamy
Richard Voon Siew Moon

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

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

Baker Tilly Monteiro Heng
Chartered Accountants
(AF 0117)

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

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



BOARD OF

1. **DATO' AHRI BIN HASHIM**

*Independent Non-Executive
Director*

2. **DATO' AHMAD KABEER
BIN MOHAMED NAGOOR**

*Group Chief Executive Officer/
President*



DIRECTORS

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

*Independent Non-Executive
Director*

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

*Independent Non-Executive
Chairman*

5. **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 65, was appointed to the Board on 1 September 2009 as an Independent Non-Executive Chairman. He is also a member of the Audit and Risk Management Committee and Remuneration Committee of the Company. He attended all five (5) Board Meetings held in the financial year.

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 Chairman of FCA Capital Sdn. Bhd. (providing corporate advisory services) and the Chairman 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
Group Chief Executive Officer/President

Dato' Ahmad Kabeer Bin Mohamed Nagoor, a Malaysian, male, aged 61 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. On 1 December 2017, he assumed the position of Group Chief Executive Officer/President. He is also the Chairman of the Employee's Share Option Scheme ("ESOS") Committee of the Company. He is a major shareholder of the Company. He attended all five (5) Board Meetings held in the financial year.

Dato' Ahmad Kabeer graduated with a Master's Degree in Finance from 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)



SURESON A/L KRISNASAMY
Independent Non-Executive Director

Sureson A/L Krisnasamy, a Malaysian, male, aged 43, was appointed to the Board on 12 April 2017 as an Independent Non-Executive Director. He is also the Chairman of the Audit and Risk Management Committee and a member of the Nomination Committee, Remuneration Committee and Employee's Share Option Scheme Committee of the Company. He attended four (4) out of five (5) Board Meetings held in the financial year.

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 Securities Berhad 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.

He later joined Perbadanan Tabung Pendidikan Tinggi Nasional as a Director in 2018. He is also a Director of Universiti Putra Malaysia, since 1 October 2018.



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

YM Tunku Puan Sri Dato' Hajjah Noor Hayati, a Malaysian, female, aged 51, was appointed to the Board on 12 April 2017 as an Independent Non-Executive Director. She is also the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. She attended four (4) out of five (5) Board Meetings held in the financial year.

YM Tunku Puan Sri Dato' Hajjah Noor Hayati 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. In 2013, she obtained her Master's in Philosophy (MPhil) from Universiti Malaya.

YM Tunku Puan Sri Dato' Hajjah Noor Hayati 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 Puan Sri Dato' Hajjah Noor Hayati was later appointed as an Executive Director of East Coast Terminal Sdn. Bhd. from 2013 to 2014, a private limited company managing port activities in Tok Bali, Kelantan.

As of 2014, YM Tunku Puan Sri Dato' Hajjah Noor Hayati holds the position as Executive Chairman of Selenggara Timur Sdn. Bhd., a road maintenance company.

Actively involved in social welfare activities, YM Tunku Puan Sri Dato' Hajjah Noor Hayati is one of the four Deputy President 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.



Board of Directors' Profile (cont'd)

In 2014, YM Tunku Puan Sri Dato' Hajjah Noor Hayati founded a Non-Governmental Organisation (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 Puan Sri Dato' Hajjah Noor Hayati 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).



DATO' AHRI BIN HASHIM
Independent Non-Executive Director

Dato' Ahri Bin Hashim, a Malaysian, male, aged 51, was appointed to the Board on 12 April 2017 as an Independent Non-Executive Director. He is also the Chairman of Remuneration Committee and a member of the Audit and Risk Management Committee and

Nomination Committee of the Company. He graduated with a Diploma in Investment Analysis from Universiti Teknologi Mara in 1989. He attended all five (5) Board Meetings held in the financial year.

He thereafter obtained a Bachelor of Science Marketing and Computer Science from Tri-State University, Angola, Indiana in 1997 and subsequently a Master's 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.

Dato' 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 Shariah' 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.

Note:-

1. *None of the Directors have family relationship with any Directors and/or major shareholders of AWC Berhad except for Dato' Ahmad Kabeer Bin Mohamed Nagoor who is a Director and shareholder of K-Capital Sdn. Bhd., a major shareholder of the Company.*
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 2018, other than for traffic offences.*



KEY SENIOR MANAGEMENT PROFILE

The executive function in the Group is spearheaded by the Group Chief Executive Officer/President, Dato' Ahmad Kabeer Bin Mohamad Nagoor ("Dato' Ahmad Kabeer"), whose profile is included under the section on Board of 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:-

NIK ADNAN BIN NIK MOHD SALLEH ("EN. NIK ADNAN")

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

Nik Adnan Bin Nik Mohd Salleh, a Malaysian, male, aged 61. 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's 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 a 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 Privatisation 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's waste collection and public cleansing management. His key roles involved the reviews, evaluations and recommendations on Operations Working Plans, System Planning, Waste Containerisation 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 by the Facilities Division for the future.

TAN SIEW KHENG ("DAVID")

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

Tan Siew Kheng, a Malaysian, male, aged 59, is the Managing Director of Qudotech and DDT. AWC completed the acquisition of 100% of both these companies in October 2015.

He graduated from Universiti 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. After that, 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. David and his other partners therein sold Qudotech and DDT to AWC in October 2015 and remains the Managing Director of these two companies.



Key Senior Management Profile (cont'd)

IR. CHEA THEAN TEIK (“IR. CHEA”)

Group Chief Executive Officer/Director,
Environment Division, Stream Group Sdn. Bhd.
(“Stream Group”)

Ir. Chea Thean Teik, a Malaysian, male, aged 46. He holds a Bachelor’s Degree in Mechanical Engineering from Universiti Teknologi 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 21 years of experience in the area of 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, responsible for coordination and implementation of M&E services in various projects undertaken. In 2001, he joined MHE-Demag Sdn. Bhd. responsible for implementation of mechanical handling projects undertaken by the company.

He joined Stream Group on 16 Sept 2005 as a Project Manager. In 2008, he was transferred to Stream Group 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 and MBM Dubai-Dallah a Saudi Arabian company. In 2010, as part of corporate restructuring exercise, Stream Environment Sdn. Bhd. (“SESB”) was established as the subsidiary of STREAM, and Ir. Chea was appointed as General Manager in SESB. He was appointed as the Deputy Managing Director of STREAM in 2015. Subsequently, he was appointed as the Chief Executive Officer on 15 September 2016. His responsibilities in SESB as well as for Stream Group have been on sales & marketing, project implementation, contract administration, financial and business development.

He was appointed as a Director of Stream Group on 16 April 2018.

MOHAN KUMAR RAVINDRANATHAN (“MOHAN”)

Chief Executive Officer / Head,
Rail Division, AWC Rail Sdn. Bhd.

Mohan Kumar Ravindranathan, a Malaysian, male, aged 59, 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’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 an 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. He is a Licensed Property Manager with the Board of Valuers, Estate Agents and Property Managers (BOVEAP) and a Member of the Malaysian Institute of Property and Facility Managers (MIPFM).

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 sector 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 position 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 UEMS Solutions Sdn.Bhd. (2016-2017), Mohan joined AWC Group in June 2017 to start-up the Rail Division.



Key Senior Management Profile (cont'd)

RICHARD VOON SIEW MOON (“MR. VOON”)

Chief Financial Officer (“CFO”),
AWC Berhad

Mr. Voon, a Malaysian, male, aged 49. He joined the Group in January 2018 and currently holds the position of Chief Financial Officer (“CFO”). He is also a member of Employee’s Share Option Scheme Committee of the Company.

Mr. Voon is a Chartered Accountant (ACCA) with more than 20 years experience in various industries, holding senior financial positions in listed companies including FCW Holdings Berhad, Cuscapl Berhad, KNM Group Berhad and more recently, prior to joining AWC Berhad, as Chief Financial Officer of Omesti Berhad, a position he held from March 2013 to September 2017.

TAN AI LEE

Group Legal Counsel,
AWC Berhad

Tan Ai Lee, a Malaysian, female, aged 48, joined AWC on 15 August 2017 as Group Legal Counsel / General Manager. She graduated from Universiti of Malaya with LLB (Hons) Malaya and thereafter was in legal practice.

She has over 20 years legal experience. She was heading the legal department of Mahkota Technologies Sdn. Bhd. Group of companies before joining AWC to pioneer its legal department from 2009 to 2013. She then ventured into legal partnership.

Note:-

1. *None of the key senior management personnel have any family relationship with any Directors and/or major shareholders of AWC Berhad.*
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 on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2018, other than traffic offences.*



OCUS
MALAYSIA

FOCUS
MALAYSIA

FOCUS
MALAYSIA

FOCUS
BEST
UNDER
BILLION
AWARDS
2017

OCUS
BEST
UNDER
BILLION
AWARDS
2017

FOCUS
BEST
UNDER
BILLION
AWARDS
2017

OCUS
MALAYSIA

FOCUS
MALAYSIA

FOCUS
BEST
UNDER
BILLION
AWARDS
2017

OCUS
MALAYSIA

OCUS
MALAYSIA



Focus Malaysia's Best Under Billion Awards 2017

B

BEST



The Exchange 106, TRX

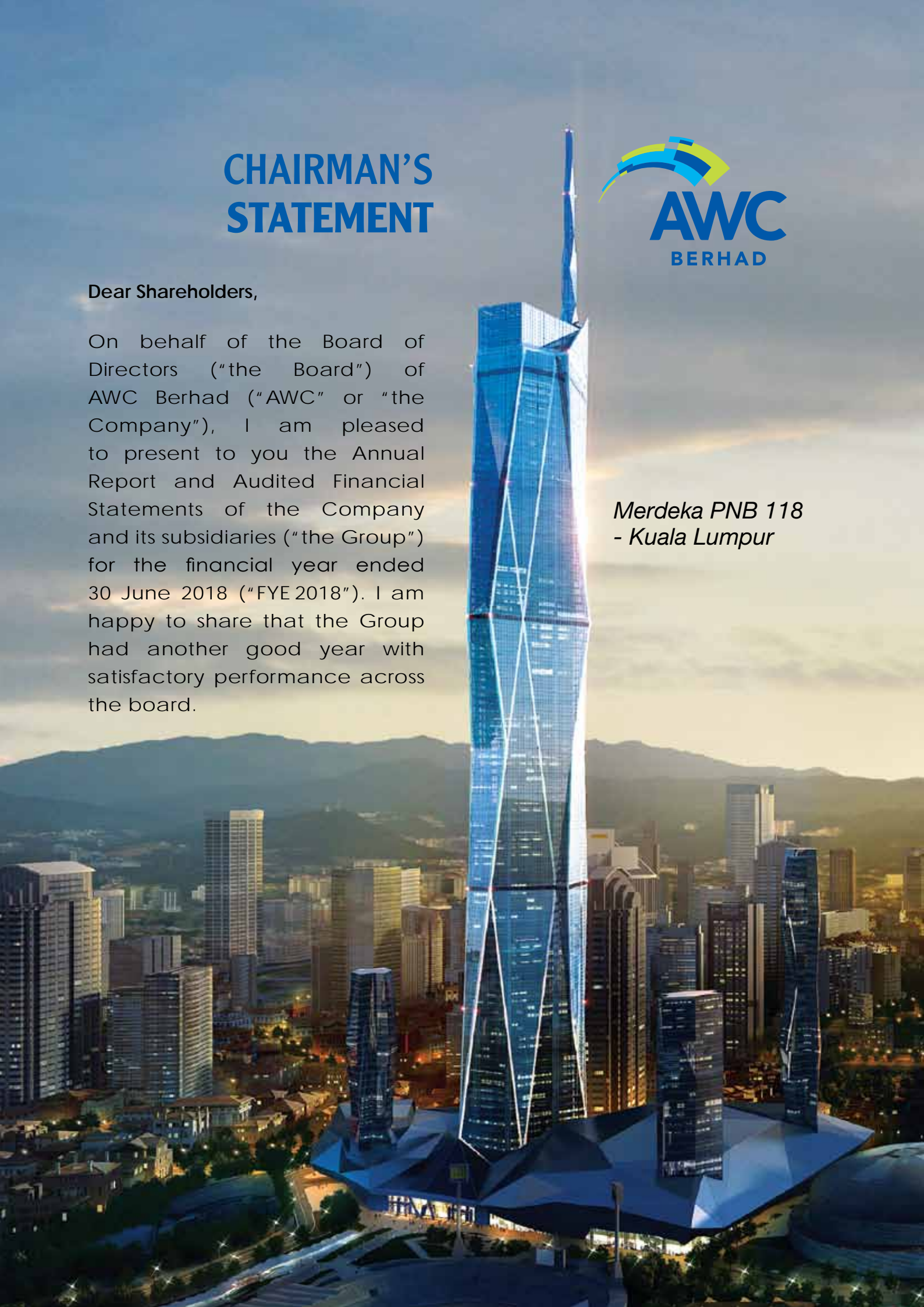
CHAIRMAN'S STATEMENT



Dear 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 2018 ("FYE 2018"). I am happy to share that the Group had another good year with satisfactory performance across the board.

*Merdeka PNB 118
- Kuala Lumpur*



Chairman's Statement (cont'd)

PERFORMANCE REVIEW

For FYE 2018, the Group registered revenue of RM304.0 million as compared to RM296.5 million in the previous financial year. The increase in revenue was primarily due to an improved performance in the Facilities Division, as a result of the commencement of revenue recognition from the Critical Asset Refurbishment Programme ("CARP") in the Concession segment as well as contribution from additional contracts secured within the Non-Concession segment. This was partially offset by a decline in revenue contribution from the Engineering and Environment Divisions. Earnings of the Group attributable to shareholders for FYE 2018 at RM21.7 million showed a slight drop against the last financial year ended 30 June 2017 ("FYE 2017") of RM22.0 million. This dip in earnings despite the improved overall topline was largely caused by a few factors, namely (i) the absence of non-core items mainly consisting of bad debts recovery under the Environment Division, (ii) slowdown in the progress of projects due to reasons beyond our control, (iii) additional costs incurred in the Facilities and Engineering Divisions relating to start up and mobilisation costs in several new contracts and (iv) expenses relating to the acquisition of Trackwork & Supplies Sdn. Bhd. ("Trackwork").



Mah Sing - Damansara



Ministry of Communications and Multimedia - Putrajaya

The major contributor to the current financial year's performance was the Facilities Division with a post-tax profit of approximately RM15.6 million, followed by the Environment Division of RM10.7 million and Engineering Division of RM2.3 million.

On a per share basis, Earnings Per Share (EPS) dipped slightly from 8.3 sen per share in FYE 2017 to 8.1 sen per share in FYE 2018. Net Asset Per Share has increased from 53.0 sen in FYE 2017 to 60.8 sen in FYE 2018. Our Shareholders Equity as at 30 June 2018 is RM163.7 million, up from RM141.2 million as at 30 June 2017.

In-depth analysis of the Group's performance across the divisions can be found in our Management Discussion & Analysis Section on pages 24 to 30 of this Annual Report.



Chairman's Statement (cont'd)

OPERATIONAL HIGHLIGHTS

Facilities Division

The Facilities Division sets another record-breaking year with revenue and profit at all time high owing to, among others, commencement of the recognition of CARP revenue from our concession with the Federal Government. The award of new contracts from the Federal Government consisting of four sites including Ministry of Foreign Affairs, Palace of Justice, Ministry of Rural Development and Ministry of Communications and Multimedia in Putrajaya boosted the Group's orderbook for the year. Apart from that, renewals of existing contracts in the Non-Concession segment including Heriot-Watt University in Putrajaya, Wisma Mahmud in Kuching and Celcom Non-Network Buildings Nationwide help propelled the Group to another record year in terms of revenue (again at an all time high for AWC) with better cost controls and this improving the earnings contribution to the Group.

Renewals obtained for the coming financial year include MITI HQ in Kuala Lumpur and Galleria PJH in Putrajaya.

Engineering Division

Slowdown in the progress of major projects secured by the Division as well as cost overruns and write-downs resulted in the weaker overall performance. Nevertheless, pickup from some projects namely Merdeka PNB 118 and PNB 1194 are expected ahead of its target completion in December 2020 and May 2020 respectively. For the current year, the division secured new projects including 8 Conlay Mixed Development, Temporary Work at Lendlease Mall project site and several rain-water harvesting projects.

Projects that were handed over during the year included The Sentral Residences in KL Sentral and IB Tower Hotel in Kuala Lumpur. Projects nearing completion and to be handed over in the coming year include The Astaka project in Johor which is the tallest residential development in South-East Asia, Puteri Cove Residences, Puteri Harbour in Iskandar Johor Bahru and Exchange 106 Project in Tun Razak Exchange, Kuala Lumpur.

Environment Division

The Division reported lower contributions to the Group due to slower progress of projects and softer property development sector overall. The absence of recognition of big-ticket items and receivables writebacks contributed to the weaker earnings for this division. Despite this a healthy orderbook replenishments over the course of the year will contribute positively to the Division in the coming years. Amongst the major jobs secured in Malaysia during the year was Aspen Vision City in Batu Kawan, Penang, Gombak Integrated Transport Terminal and Mah Sing M Vertica. In Singapore, we also secured various new jobs including Orchard Boulevard Mixed Development and Singapore National Cancer Centre.



Ministry of Foreign Affairs - Putrajaya



Ministry of Rural Development - Putrajaya



Chairman's Statement (cont'd)



Palace of Justice - Putrajaya

ECONOMIC REVIEW

Global economy grew 3.1% in calendar year 2017 ("CY2017") and is projected to moderate in 2018. The World Bank expects global growth to decelerate over the next two (2) years as global slack dissipates, major central banks remove policy accommodation and the recovery in commodity exporters matures. Amid moderating international trade and tightening global financing conditions, the outlook remains challenging and uncertain.

On the domestic front, the Malaysian economy expanded by 5.9% in CY2017. Following a strong year in 2017, the economic growth was slower in 1H calendar year 2018 ("CY2018"), growing by 5.4% in the First Quarter and 4.5% in the Second Quarter of CY2018. For the whole of 2018, Bank Negara Malaysia has given a lower forecast on Malaysia's economic growth of 5% as compared to the previous estimate of 5.5% to 6%.

AWARDS AND ACCOLADES

The Group achieved significant milestones over the course of the year. Its subsidiary, Qudotech Sdn. Bhd. ("Qudotech"), received an Appreciation Award from Merdeka PNB 118 for the achievement of 5 million man-hours without lost time injury for the Merdeka PNB 118 Project. Once completed, Merdeka PNB 118 will be the tallest structure in Malaysia and rank amongst the world's top 10 tallest buildings, standing at over 600m tall. Qudotech was also selected by HILTI as a VIP customer in FYE 2017. HILTI is a global provider of tools for the construction and building maintenance industry, and there are only 100 VIP customers in each country and the benefits that come with the VIP status include special pricing, longer credit period and stronger technical support.

AWC was also invited to participate at Invest Malaysia 2018, a capital market event held over two days on 23 and 24 January in Shangri-La Hotel, Kuala Lumpur. The event showcased 61 companies out of the 1,000-plus companies listed on Bursa Malaysia Stock Exchange.

OUTLOOK

Despite the challenging economic outlook, we are optimistic that the Group will continue to perform positively in the coming year. This takes into account the completion of the acquisition of Trackwork, providing a platform for the group's venture into the rail maintenance sector. This earnings accretive acquisition will contribute positively towards the Group's bottom line, serving as an impetus for AWC's future growth. The Group had identified Asset Management as part of its Strategic Business Development specifically the permanent ways and station facilities of the rail sector, thus vertically moving up the value chain from the strong Integrated Facilities Management foundations built over the years.

HUMAN CAPITAL DEVELOPMENT

AWC continues to support nation building through human capital development programmes that educate and harness the potential talent of Malaysians. People with the necessary knowledge, skills, ethics and morality are required to drive inclusive and sustainable economic growth in the last leg of the journey towards realising Vision 2020.

AWC has produced competent trainers to conduct a regular townhall workshop session to all employees across Malaysia. Over the last few months, thousands of employees have successfully completed this programme, which highlights AWC's Vision, Mission and Core Values (VMV), best work practices, health, safety and environment (HSE) and showcases how they are applied in the workplace using real-world examples.



Chairman's Statement (cont'd)



Tampines North - Singapore

We believe in developing people, so they can apply and develop skills and knowledge to innovate and play a part in building a better future. Malaysians today can be proud of many achievements on the world stage and will continue to challenge the boundaries to reach new frontiers. AWC will be there at every step of the way as a trusted partner in fuelling Malaysian's progress.

During the FYE 2018, we continued to implement our Employee's Share Option 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 scheme. ESOS has proven to improve employee retention and inculcate loyalty within the Group.

DIVIDEND

The Board has recommended, subject to shareholders' approval at the forthcoming Annual General Meeting, the payment of a first and final single tier dividend of 0.5 sen per ordinary share. If approved by shareholders, the total payout for the year will be 0.5 sen per ordinary share or a total payout will be approximately RM1.35 million, translating to a dividend payout ratio of 6.2% of EPS. Lower dividends were declared to enable the Group

to conserve cash in view of the recently completed acquisition of Trackwork. Notwithstanding that, the Group had on the 27 September 2018 announced the Issuance of Free Warrants on the basis of one (1) free warrant for every five (5) existing shares held on an entitlement date to be determined later.

ACKNOWLEDGMENTS

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

My gratitude to the management and staff of the Group for their continued contribution and commitment. For the management and employees of Trackwork, welcome to the AWC family.

Last but not least, I would also like to thank my fellow Board members for their valuable contribution and 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

Date : 16 October 2018





Al-Dana - Environment Division



KL Eco City - Environment Division

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 Group”), providing Total Building Solutions in the following divisions:-

NO.	DIVISION	CORE ACTIVITIES
1.	Facilities Division	<p>Provides integrated facilities management (“IFM”) services for 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 the 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 for 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 industries.</p> <p>The subsidiaries operating under this Division are Ambang Wira Sdn. Bhd., AW Facility Management Sdn. Bhd. and Environmental & Landscape Services Sdn. Bhd.</p>
2.	Environment Division	<p>This Division provides design, supply, installation, testing and commissioning of automated pneumatic waste collection systems under the proprietary brand of ‘STREAM’ (“STREAM PWCS”) 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 services of its STREAM PWCS for its clientele, where required.</p> <p>The subsidiaries operating under this Division are Stream Group Sdn. Bhd., Stream Environment Sdn. Bhd., Stream Environment (S) Pte Ltd, Stream Group Sdn. Bhd. (Abu Dhabi), Stream Industries 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 & air conditioning (or commonly known as “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 works for buildings and facilities.</p> <p>These activities are carried out via M&C Engineering and Trading Sdn. Bhd. and M&C Engineering and Trading (S) Pte. Ltd.</p> <p>It also undertakes all types of plumbing related works including hot/cold water and sanitary plumbing, via Qudotech Sdn. Bhd. (“Qudotech”). Qudotech has been active in the field since 1995. Qudotech is 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 AND 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 underlined 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 points of view. With our assessment of the future in hand, we then strategise 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 plans to address or mitigate these risks.
- d) Assessment and justification of the requirements envisaged to undertake the business plans and towards achieving the 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-strategise 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 indepth contemporary business conditions and updates. We regularly review the financial statements on a detailed basis for each Division and subsidiary. We review the 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 AND OPERATING ACTIVITIES

The Group

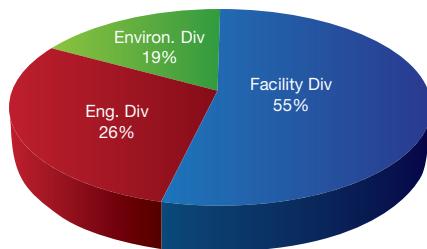
For the financial year under review, AWC has yet again achieved record revenue, breaching the RM300.0 million mark which marks a new milestone for the Group. Despite the marginal decrease in earnings, AWC's financial performance for financial year ended 30 June 2018 ("FYE 2018") was more core centric as compared to financial year ended 30 June 2017 ("FYE 2017"). Additionally, the earnings accretion from the acquisition of Trackwork will improve the Group's financial performance for the coming financial years.

During FYE 2018, the Group's revenue was contributed by all our three (3) divisions: Facilities, Environment and Engineering. As the Group's main revenue driver, the Facilities division continued to be the largest contributor to the Group's revenue followed by the Engineering and Environment division.

Revenue by Division

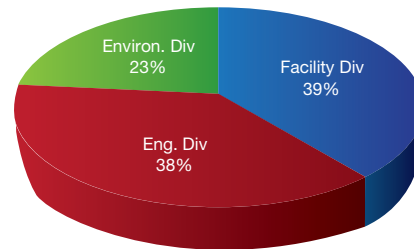
Group's Revenue reported RM304.0 million, an increase of 2.5% as compared to FYE 2017 of RM296.5 million. The improvement in the top line had been mainly driven by strong performance from the Facilities Division. The breakdown of each division are as shown in the pie charts below:

Revenue by Division 2018



Total: RM304.0mil

Revenue by Division 2017

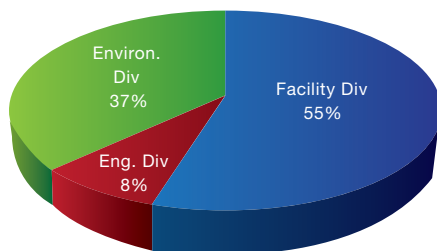


Total: RM296.5mil

Profit Before Tax by Division

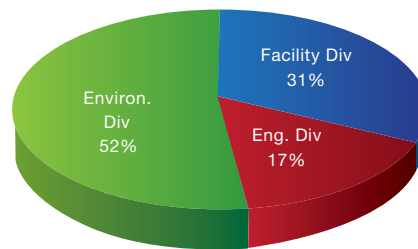
The Group's Profit Before Tax for FYE 2018 registered a decrease of 12.2% from RM38.7 million in FYE 2017 to RM33.9 million. The breakdown across all three (3) divisions are as shown in the pie charts below:

PBT by Division 2018



Total: RM33.9mil

PBT by Division 2017



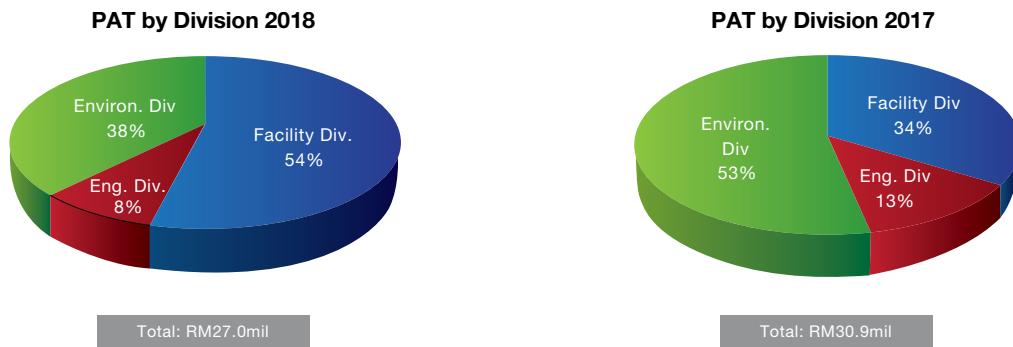
Total: RM38.7mil



Management Discussion & Analysis (cont'd)

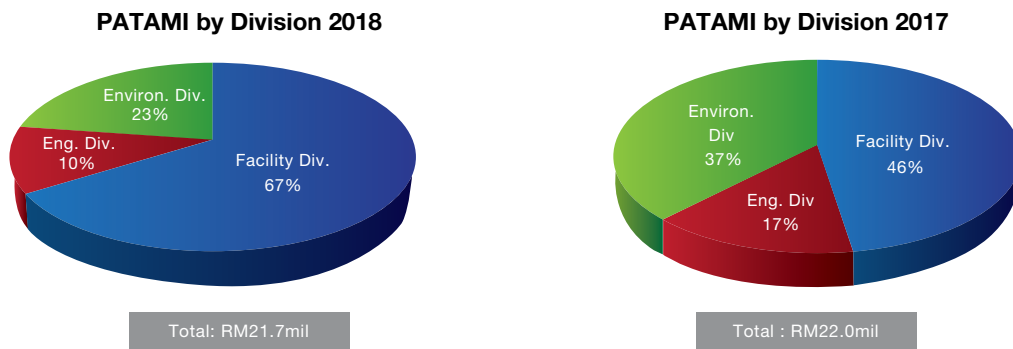
PAT by Division

The Group's Profit After Tax amounted to RM27.0 million in FYE 2018, representing a decrease of 12.5% as compared to its corresponding year of RM30.9 million. The pie charts below illustrates the breakdown across all three (3) divisions.



PATAMI by Division

The Group's PATAMI reported RM21.7 million and RM22.0 million in FYE 2018 and FYE 2017 respectively with a decrease of 1.4%. Below shows the contribution across each division.



The Facilities Division

The Facilities Division reported a revenue of RM182.8 million for FYE 2018 which represents 55% of the total Group's revenue, a commendable increase by 35% against RM135.2 million from FYE 2017 which was largely due to:

- Commencement of the recognition of Critical Asset Refurbishment Programme ("CARP") revenue amounting to RM45.7 million.
- Commencement of new contracts secured from the Federal Government through competitive bidding in the Non-Concession segment including buildings of Ministry of Foreign Affairs, Palace of Justice, Ministry of Communications and Multimedia & Ministry of Rural Development in Putrajaya.

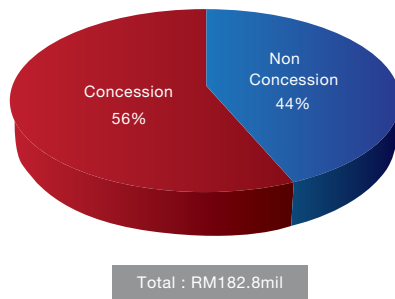


Management Discussion & Analysis (cont'd)

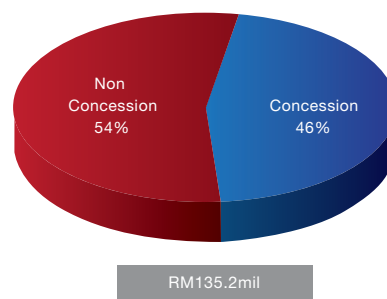
The businesses in the Facilities Division are segregated into the Concession and Non-Concession segments. The Concession segment contributed approximately 56% to the total revenue of Facilities Division in FYE 2018 whilst the Non-Concession segment contributed 44%. In addition, renewals of existing contracts with Heriot-Watt University in Putrajaya, Wisma Mahmud in Kuching, Celcom Non-Network Buildings Nationwide also contributed to the Division's financial performance.

In line with the revenue growth reported by the Facilities Division, earnings for FYE 2018 have improved accordingly.

Revenue by segment 2018



Revenue by segment 2017

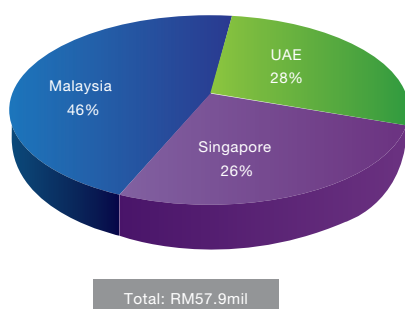


The Environment Division

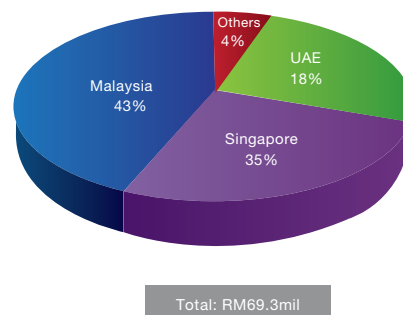
The Environment Division contributed approximately 19% to the total Group's revenue with RM57.9 million for FYE 2018, translating to a decrease of 16.5% as compared to RM69.3 million for FYE 2017. The decrease was due to delays and lower progress billings from various on-going projects. Additionally, in FYE 2017, the Division recognised a major portion of its RM9.4 million project secured in 2016 for the Delhi Mumbai Industrial Corridor (DMIC) Smart City in India (RM7.8 million recognised in FYE 2017) with the balance being recognised in FYE 2018. Apart from that, a large portion of the Hong Kong Cathay Pacific Catering Services expansion project secured by the Group in 2016 amounting to RM10.4 million was completed and recognised in FYE 2017 (RM4.1 million recognised in FYE 2017). All the factors above contributed to the decline in revenue for FYE 2018.

Despite the decrease in revenue reported, the Division continued to strive and secured various new contracts such as the Vertu Resort @ Aspen Vision City, Gombak Integrated Transport Terminal and Mah Sing M Vertica, effectively replenishing the division's order book and providing clear future earnings visibility.

Revenue by Geographical Segment 2018



Revenue by Geographical Segment 2017

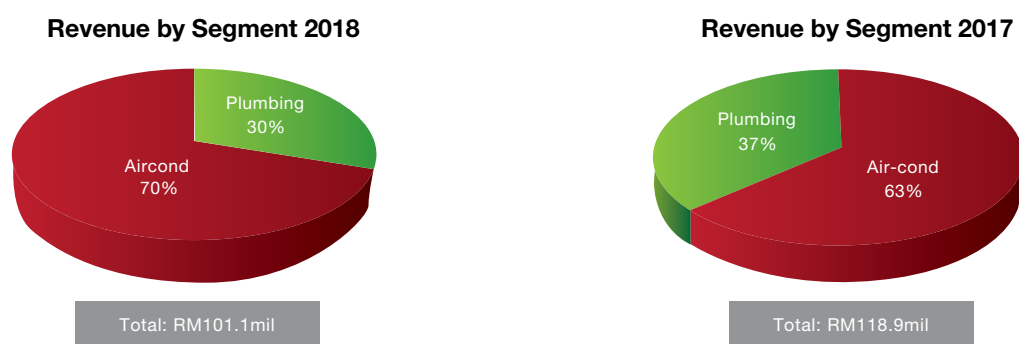


Management Discussion & Analysis (cont'd)

The Engineering Division

In FYE 2018, the Engineering Division contributed 26% of the Group's revenue or RM101.1 million. Compared to the RM118.9 million from FYE 2017, this represents a decrease of 14.9%.

Overall, the weaker performance was mainly due to the slowdown in the progress of major projects, cost overruns from legacy projects, delinquent receivables and inventories write-downs. Nonetheless, the division secured a number of new notable projects such as 8 Conlay Mixed Development, Temporary Works at Lendlease Lifestyle Mall project site and several rain-water harvesting projects, which are expected to contribute positively towards the future earnings of the Division.



FINANCIAL POSITION

As at 30 June 2018, the Group's statement of financial position remains healthy, boasting a net cash position of RM44.4 million and a net cash per share of 16.5 sen.

Current assets and current liabilities stood at RM224.6 million and RM64.0 million respectively, translating to a current ratio of 3.5. Our Group's receivables stands at about RM91.9 million whilst payables are at RM60.3 million.

Total net assets amounted to RM199.7 million, or 73.1 sen per share, an increase from RM169.7 million, or 63.6 sen per share in FYE 2017.

Overall, our statement of financial position remained on solid footing and has sufficient working capital to execute all the existing projects in our orderbook. The Group's businesses are capable in sustaining an asset light approach due to the nature of low capital expenditure ("CAPEX") requirements. As such, there are no plans to undertake any significant CAPEX in the foreseeable future.

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, as well as the enlarged share base resulting from the acquisition of Trackwork.

CORPORATE DEVELOPMENT

On 28 February 2018, the Group announced a 60% proposed acquisition of Trackwork to venture into the rail maintenance sector. The purchase consideration amounted to RM43.5 million, consists of a combination of cash consideration of RM20.0 million and the balance of RM23.5 million through the issuance of new ordinary shares in AWC.

On 25 September 2018, the Group received shareholders' approval for the acquisition of Trackwork in an adjourned Extraordinary General Meeting and the transaction became unconditional. Subsequently, on 9 October 2018, the transaction was completed and Trackwork became a 60% owned subsidiary of AWC.

On 27 September 2018, the Group proposed an issuance of up to 61,628,620 free warrants in AWC on the basis of one (1) free warrant for every five (5) existing ordinary shares in AWC held on an entitlement date to be determined later.



Management Discussion & Analysis (cont'd)

KEY RISKS

The Group's risk exposure of reliance on contracts is mitigated by having a diversified portfolio to generate a steady stream of income. We also have a balanced portfolio of government and private contracts.

The Group is also exposed to foreign exchange risks due to its international operations, namely the Singapore Dollar, the United States Dollar and United Arab Emirates Dirham. The volatility of these foreign currencies affects both our revenue and costs incurred, where contracts outside Malaysia are in the respective foreign currencies. Further information on foreign currencies exposure is set out in Note 30(b)(iii) to the financial statements.

Analysis of other key financial risks such as credit risk, liquidity risk as well as interest rate risk are discussed in Note 30(b) to the financial statements.

THE JOURNEY AHEAD

The Group has managed to secure in excess of RM200.0 million worth of new contracts during the financial year under review with a substantial sum secured by the Facilities Division, followed by the Engineering and Environment Divisions. These contracts contributed to the replenishments of our orderbook which as at 30 June 2018 stands at approximately RM965.0 million.

Out of the RM704.0 million orderbook under the Facilities Division, RM186.0 million are Non-Concession contracts with balance of tenures ranging from 3 to 4 years. Remaining contracts totalling RM518.0 million are under the Concession segment recognisable over a period of 7 to 8 years.

The Environment and Engineering Divisions have outstanding orderbook values of approximately RM122.0 million and RM139.0 million respectively which are expected to keep these divisions busy over the next 3 to 4 years.

With the outstanding orderbook as mentioned above, we expect all our Divisions to continue contributing positively to the Group. Project delays and cost overruns due to legacy projects are expected to be overcome with progress of delayed projects expected to pick up in the ensuing period along with better cost control and project management. With a focus on securing new contracts and obtaining extensions for existing ones, our Facilities Division will continue to be a pillar to the Group. Coupled with the inclusion of Trackwork as our new division from 9 October 2018 onwards, that carries with it an outstanding orderbook of approximately RM70.0 million, we hope to deliver a strong performance in the coming financial year and create better value for our shareholders.

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 Employees' Share Option Scheme ("ESOS"), with the first offer to employees on 6 November 2015 and subsequent offers in the periods following the initial launch. With the continued 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's loyalty and commitment.



SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

AWC Berhad (“**AWC**” or “**the Company**”) proudly presents our first sustainability statement to showcase our growing commitment towards implementing sustainable business practices to achieve business growth that will benefit current and future generations alike.

Reporting Boundary & Scope



We present our sustainability statement to describe efforts and initiatives in place to manage our business risks and opportunities related to economic, environment and social (EES) impacts. As this is our inaugural statement, we have focused on our main division, i.e. the Facilities Division and its operations in Malaysia as this division represents our largest business in terms of revenue. Moving forward, we target to expand our reporting boundary to include the other divisions, namely, the Environment Division, Engineering Division and the newly acquired Rail Division within the Company.

This sustainability statement which includes both qualitative and quantitative data, covers the reporting period between 1 July 2017 to 30 June 2018. The Company’s Annual Report for the financial year 2018 will further support the contents of this statement for matters related to direct economic outcomes.



Reporting Guidelines

Our statement is prepared in line with the Main Market Listing Requirements (“MMLR”) on Sustainability Reporting by Bursa Malaysia in October 2015. To further enhance our report, we have referred to the Global Reporting Initiatives (GRI) Standards which is one of the guidance documents recommended by Bursa Malaysia.

SUSTAINABILITY COMMITMENT STATEMENT

In line with the Company’s vision and mission, we have developed our sustainability commitment statement. This statement forms the foundation on which we have formulated our sustainability strategy.

By dividing sustainability into three key pillars - the economic, environment and social pillars, our commitment statement outlines an overarching direction of the Company which aims to ensure long-term business success while contributing towards economic, environmental and societal awareness. The figure below illustrates our three pillars of sustainability, along with the Company’s vision and mission.



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



Sustainability Statement (cont'd)



Economic Pillar

- To promote a healthy and sustainable business growth that benefits both the current and future generations
- To ensure continuous excellence in the product and service quality that we offer
- To contribute to the local economy through local hiring and employment opportunities



Environment Pillar

- To maintain sustainable rates of resource consumption to meet our operations requirement without compromising the supply for future generations
- To inculcate the culture of environmental awareness and encourage positive environmental initiatives



Social Pillar

- To engage in community building and development initiatives, creating a sustainable and harmonious community around our business operations
- To maintain workplace health and safety excellence
- To ensure fair practices and equal treatment to employees

Mapping to the United Nations Sustainable Development Goals (“UNSDGs”)

Our commitment to steering the Company towards sustainable development includes the consideration of the UNSDGs in the planning of our sustainability initiatives. Malaysia is one of 193 countries that is signatory to the UNSDGs, which includes 17 SDGs and 169 associated targets.

As our business continues to grow, we are aware of the role we play in contributing to the nation’s economic prosperity, social harmony and environmental stewardship. Therefore, we aim to steer our sustainability efforts in line with the 17 UNSDGs for future business operations and reporting.

To date, we are setting the groundwork to meet some of the targets associated with three SDGs we believe are integral to our business operations, namely SDGs number 8, 9 and 10.



Three SDGs the Company Aims to Achieve



- Create job opportunities to enhance economic growth and social development



- Develop innovative products and solutions to enhance the standards of national infrastructure and facilities



- Promote fair business practices amongst employees and suppliers



Sustainability Statement (cont'd)

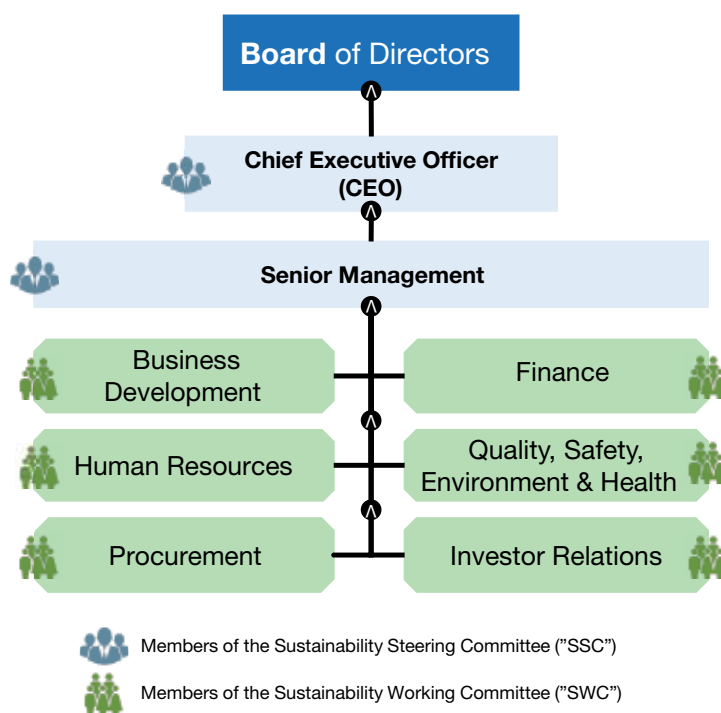
SUSTAINABILITY GOVERNANCE

While our facilities operations continue to expand, we have established a robust governance structure that would ensure strong commitment and manage the overall sustainability progress that we aim to achieve as a Company.

Sustainability Governance Structure

The governance structure we formed comprises a three-tiered committee with the Board of Directors (“the Board”) at its apex. The Group Chief Executive Officer (“CEO”), with the support of senior management, reports to the Board on sustainability-related matters regularly to ensure that a two-way sustainability awareness channel is created within the Company.

The Group CEO and senior managers of the Company make up the Sustainability Steering Committee (“SSC”), while the managers from key departments within the Company are assigned to the Sustainability Working Committee (“SWC”). The roles and responsibilities of each tier of the governance structure are presented in the table below.



Committee	Roles and Responsibilities
The Board	<ul style="list-style-type: none"> Oversees the progress of the Company’s sustainability initiatives Gives final approval for all policies, strategies, initiatives presented by the SSC with regards to sustainability matters
SSC	<ul style="list-style-type: none"> Finalises material issues identified by the SWC Monitors and implements sustainability initiatives agreed by the Board Oversees the SWC’s efforts and measures in implementing sustainability initiatives
SWC	<ul style="list-style-type: none"> Identifies and presents material issues relevant to the Company’s business operations Formulates appropriate sustainability initiatives that are in line with the Company’s business values and aspirations



Sustainability Statement (cont'd)

STAKEHOLDERS ENGAGEMENT

Maintaining an open and transparent relationship with our relevant stakeholders continues to be a key driver towards ensuring sustainability at the Company in the long run. As part of our commitment to cultivate continuous engagement, we disclose our stakeholder engagement methods, topics of interest and frequency in the table below:

Stakeholder Group	Topics of Interest	Engagement Methods	Frequency of Engagement
Investors	• Return on investment	• Investor earnings conference	• Ad hoc
	• Transparent reporting with credible date	• Investors/analyst briefings	• Biannually
	• Innovative supply chain solutions	• Annual report	• Annually
		• Corporate website	• Per-announcement by Bursa
		• One-on-one meetings with investors	• By request
Customers	• Reliable service and on-time delivery	• Customer feedback and surveys	• Biannually
	• Customer convenience	• Market research	• Bimonthly
	• Competitive pricing	• Operational meetings	• Monthly
	• Operational efficiency	• Client Social events (Golf tournaments, Sports Day, Festival Gatherings etc.)	• Annually
Employees	• Competitive pay and benefits	• Training programmes and workshops	• Monthly
	• Clear communication	• Employee engagement survey	• As and when required
	• Work life balance	• Town hall meetings	• Quarterly
	• Career growth and opportunities	• Internal audit on operations	• Annually
		• Employee performance evaluation	• Annually
Regulatory Authorities and Statutory Bodies	• Regulatory compliance	• Jabatan Keselamatan dan Kesihatan Pekerja (JKKP) Inspection on Elevators and Escalators	• Annually
	• Corporate governance	• Fire safety and building inspection by BOMBA	• Annually
	• Standards and certifications	• Facility visits by a competent electrical engineer	• Twice a month
	• Risk management	• External Audit (DNV-GL) – Quality Management System	• Annually
		• External Audit (Sterling) – Finance Operations and Procurement	• Annually
		• Safety incident reporting	• As and when an accident occurs
Suppliers	• Timely pay-outs	• Supplier assessment forms	• During supplier screening or before registering into Group system
	• Procurement practices		
	• Supplier Code of Conduct	• Supplier registration forms	• As and when required during vendor registration for purchase-and-pay purposes
Local Community	• Impact of operations on environment	• Donation to Permata Kemas and Program Health Lifestyle Run and Ride	• Annually
	• Economic opportunities	• Employment opportunities through local hiring	• Annually



Sustainability Statement (cont'd)

PRIORITISING OUR MATERIAL ISSUES

Building from continuous stakeholder engagement, we are able to identify key material issues that impact our business operations. The material issues identified were grouped to represent our economic, environment and social impacts in relation to sustainable development, both influencing our business operations as well as peak stakeholder interests. As we work towards continuously improving our reporting mechanism, in our next reporting cycle, we will expand our materiality assessment to include a materiality matrix. The matrix will illustrate the priority of each material issue identified below with respect to their relative importance to our business operations and stakeholder groups.



Contributing to Economic Growth

- Economic Performance
- Market Presence
- Procurement and Supply Chain Management



Protecting the Environment

- Energy
- Effluents and Waste
- Water



Maintaining a Safe and Healthy Workplace

- Occupational Health and Safety
- Training and Education
- Product Quality
- Regulatory Compliance

Enriching the Society

- Community Engagement



Sustainability Statement (cont'd)

CONTRIBUTING TO ECONOMIC GROWTH

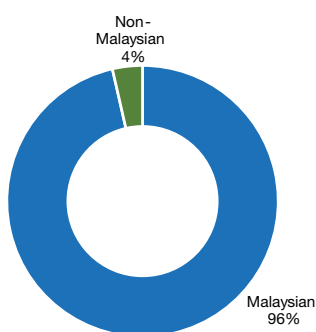
To create sustainable business growth and opportunities, there is a need to design a long-term business model.

Economic Performance

For this financial year, the Company has achieved a PATAMI of RM21.7 million, which contributes to consistent and positive business growth. Our goal to provide excellent products and services that meet the expectation of our customers will play a key role in ensuring long-term economic success for the Company.

Market Presence

Local Hiring For Senior Management



To advance our market presence in the integrated facilities industry, we take into consideration our local hiring and minimum wage practices. The Company continues to showcase our corporate integrity by ensuring our employees' salary meet the minimum wage requirement as stated in the Minimum Wage Order 2016.

Local hiring plays an important role in developing Malaysia's local economy and enhancing the employability of Malaysians for professional positions. To this end, we employ 27 (96%) Malaysians for senior management roles with only one (4%) senior manager being non-Malaysian.

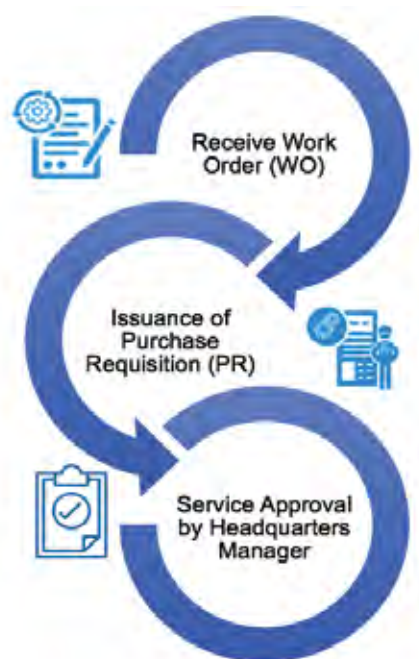
Procurement and Supply Chain Management

Our scope of work as a premier provider for facilities management services include engineering and technical services, implementing building management systems such as heating, ventilating and air conditioning system (HVAC), building automation system (BAS) and security, safety and crisis management. Given the broad spectrum of our service base, we apply a strict procurement management system to ensure we provide smooth service to our customers.

Once a work order (WO) is issued by the client, our supply chain begins with the issuance of a Purchase Requisition ("PR") to our selected vendor. Only approved vendors who have been vetted by our selection system are included in our database. Final approval for service purchases are approved by managers from our headquarters once the facilities supervisors have screened the PR.

To optimise our PR process, we maintain a fixed monthly service with pre-approved suppliers, minimising the cost and time that may be wasted looking for new suppliers. Another aspect of sustainable supply chain management that we practice is undertaking the necessary due diligence during the tender process.

Qualified bidders are invited to attend a site briefing, given tender documents and provided answers regarding the project by the facility head in charge. The sealed bids we receive are opened in the presence of top management representatives and signed for verification. Once a decision has been made, the Tender Committee then proceeds to present the outcome to senior management and the successful bidder.



Sustainability Statement (cont'd)

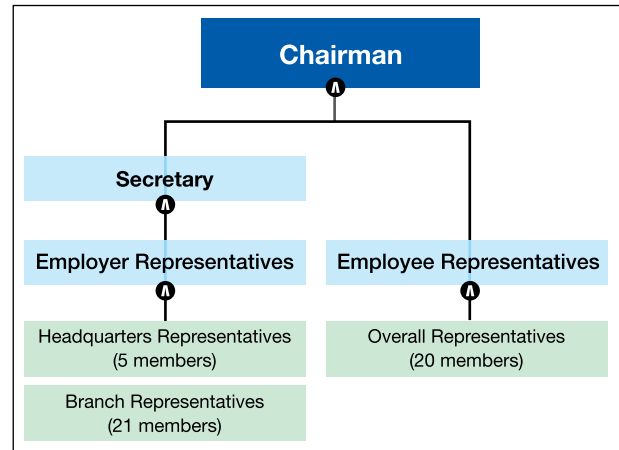
MAINTAINING A SAFE AND HEALTHY WORKPLACE

Protecting the safety and health of our workforce is an important factor that contributes to our business sustainability and ensures service quality. Through a series of safety and health measures, we pave the way towards building a successful organisation with satisfied stakeholders.

Occupational Health and Safety

The overall well-being of our workforce remains a top priority at the Company and we showcase this by enforcing strict health and safety governance by complying to the Occupational Safety and Health Act 1994, including a set of internal safety management measures of our own.

Our health and safety committee comprises 48 members (as of June 2018) who represent the employers and employees' category, both of which report directly to the Committee's Chairman. The formation of the Committee includes a set of roles and responsibilities undertaken to ensure that the well-being of the entire Company's workforce is well protected.



These include the following responsibilities:

- Assist in developing safety and health rules, and safe working systems;
- Review the effectiveness of safety and health programmes;
- Monitor, record and conduct studies on accident trends that occur at the workplace.;
- Report any unsafe working conditions identified; and
- Review the safety and health policies at our workplace, making recommendations for improvements where necessary.

Training programmes on safety and health related matters are conducted on a yearly basis, covering a wide variety of relevant topics such as safety induction programmes and specific topics such as working at height, first aid, chemical handling and other safety related topic. Approximately 20 to 40 employees participated in these training sessions based on the suitability of the topic to their job scope.



Sustainability Statement (cont'd)

TRAINING AND EDUCATION

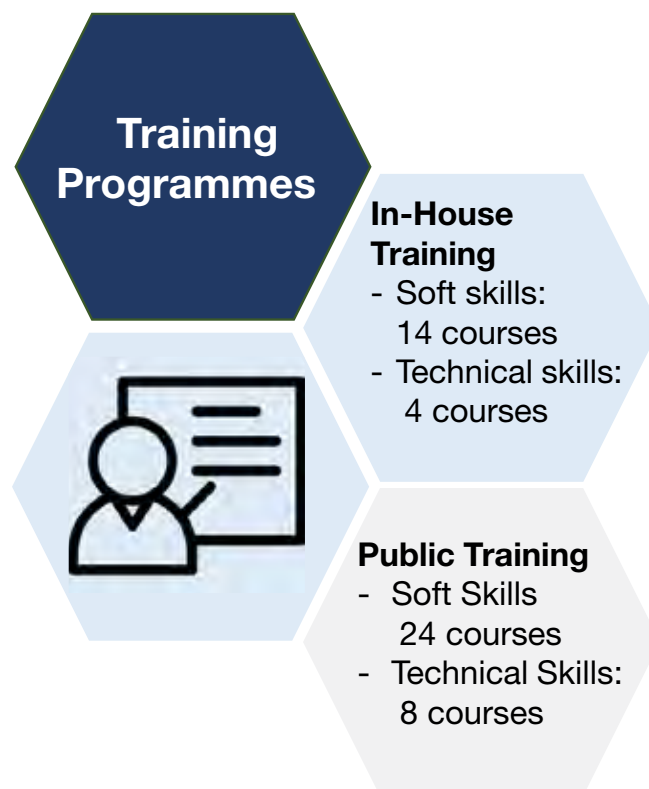
The Company remains attentive to the needs of our employees, understanding that quality workforce creates sustainable business value chain in the long-term. Employee development is an important factor that contributes to producing quality workforce, therefore we heavily focus on encouraging our employees to participate in training programmes that are relevant to their job scope.

Throughout this financial year, a total of 539 employees participated in a variety of in-house and public training programmes that develop both soft skills and technical skills. These programmes are targeted for employees across the different positions within the Company, i.e. from senior management team to the facilities operators and technical team.

Vision, Mission and Values (“VMV”) Programme

One of our core programmes is the specialised VMV training programme for our employees. The overall purpose of the programme is to create awareness and inculcate the Company’s goals by understanding the vision, mission and core values of the organisation.

The VMV programme was held between December 2017 until May 2018 and involved 1440 participants that spanned across our branches in Peninsular Malaysia. A team of human resources representatives were mobilised from our headquarters in Subang Jaya and they travelled to 58 different entities to introduce our VMV to align our employees with our business is long-term targets and goals.



Sustainability Statement (cont'd)

PRODUCT QUALITY

We uphold and maintain the quality of our service deliverables and this is evident from our achievement of the ISO 9001:2015 Quality Management System in 2018. Our scope of certification includes provisions for comprehensive building facility management services in the property management and development industry. With our continued performance in complying with the requirements of the quality standard, our certification is valid until August 2021.

To maintain our status of certification, we continuously take measures to comply to the certification requirements which include regular customer satisfaction surveys and continuous monitoring of our products and services towards ensuring customer satisfaction, high service productivity and exemplary operational standards. To ensure compliance with the requirements of the ISO 9001:2015 certification, we have developed and implemented internal guidelines as illustrated below.

Internal Product Quality Management Procedures



- Established a Quality Manual and Quality Standard Operating Procedures (SOPs)



- Monthly Quality Objective Monitoring



- Regular Internal Audits

Customer Satisfaction

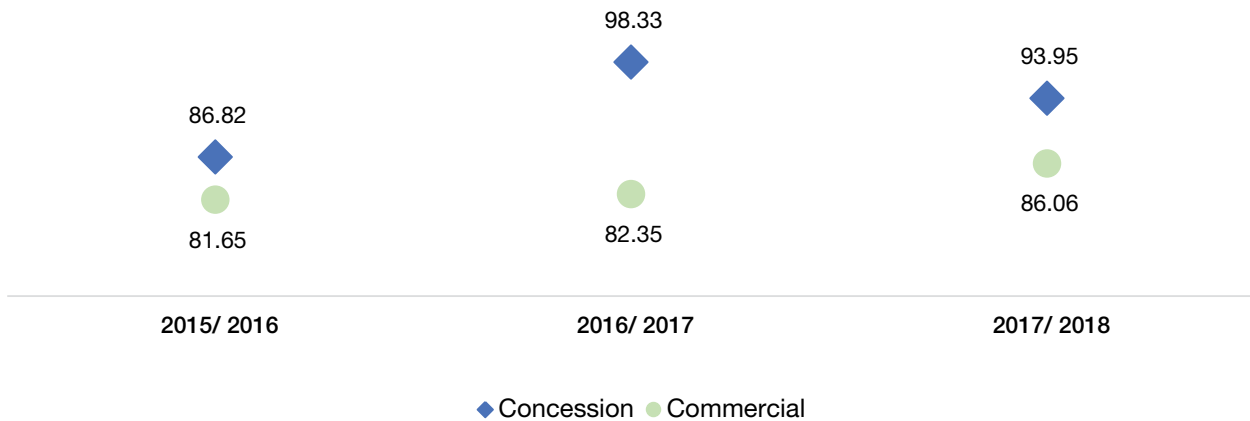
As a provider of integrated facilities management services to building owners from various industries, our focus is to provide cost-effective and efficient operating solutions involving building and facilities processes. To achieve this, our service will need to continuously improve while meeting the standards and expectations of our customers.

We monitor our service performance using a satisfaction survey, for our concession and commercial customers, that is conducted biannually. Results from the survey acts as a benchmark for us to identify means of improvement in areas where our scores may not meet our standards while also maintaining the quality of service that achieved a higher rating. The overall results of the satisfaction survey conducted in the past three financial years are presented in the illustration below.



Sustainability Statement (cont'd)

Customer Satisfaction Survey Results, Percentage (%)



Regulatory Compliance

Adhering to national regulatory requirements remains a top priority for the Company in pursuing sustainable governance and business management in the long-term. The Acts and Regulations serve as a strict guideline to ensure that an organisation continues to meet the standards set by Malaysia. In line with that, we adhere to the core regulatory requirements as listed in the table below.

Regulatory Compliance		
Economic	Environment	Social
<ul style="list-style-type: none"> • Employment Act 1955 • Minimum Wage Order 2016 • Universal Building By-Laws 1984 • Construction Industry Development Board (CIDB) 	<ul style="list-style-type: none"> • Environmental Quality Act 1974 • Environment Quality (Sewage) Regulations 2009 • Environmental Quality (Scheduled Wastes) Regulations 2005 	<ul style="list-style-type: none"> • Occupational Safety and Health Act 1994 • Factories and Machineries Act 1967 • Fire Services Act 1988



Sustainability Statement (cont'd)

PROTECTING THE ENVIRONMENT

In line with our aspirations to achieve sustainable resource consumption while maintaining product and service quality, we have begun our sustainability efforts by implementing initiatives to manage three key environmental aspects, namely, energy consumption, water usage as well as waste production.

Energy

Preliminary efforts to monitor and efficiently manage our energy consumption include record-keeping of our electricity bills at the main headquarters building. We are aware of the impacts of excessive energy consumption through electricity wastage and consistently look at ways to reduce our energy consumption.

Our facilities operations have implemented several energy-saving initiatives that includes awareness notices to switch off unused lightings and de-lamping which involves the removal of bulbs in areas where lighting may be deemed as excessive. Based on the results of monthly electricity consumption, another effort that we plan to implement is to set the indoor air conditioning temperature at 24°C during business hours.

To reduce our contribution to greenhouse gases, we utilise better quality refrigerants that do not emit chlorofluorocarbons (CFCs) which is one of the main causes of ozone depletion and accelerates climate change.

Effluents and Waste

As a facilities management business operator, our services produce municipal wastes with the occasional scheduled wastes in the event of a major facility refurbishment. In compliance with national environmental regulations, we manage our scheduled wastes based on the guidelines outlined in the Environmental Quality (Scheduled Wastes) Regulations 2005, keeping to the prescribed waste storage requirements and duration before disposing the waste through a licensed contractor. Our sites are equipped with tri-coloured recycling bins to encourage a culture of recycling for occupants at sites that we manage.



Sustainability Statement (cont'd)

WATER

While our business operations does not involve heavy water consumption, we remain conscious of the detrimental impacts that may result from poor water management. Efforts to enhance awareness amongst our employees include reminder notices near water faucets to save water by not over-using this resource. As part of our preventive maintenance programme, we conduct regular inspections to identify any sources of leaks within the plumbing system as well as in electrical systems and appliances that utilise water. Any such leaks are repaired immediately.

Enriching the Society

Our efforts to practice sustainable business operations extend beyond the boundaries of the Company through contributions and support provided to the surrounding local communities.

For this financial year, we focused on supporting festive events in the hope of bringing together communities from various background to celebrate as one community thereby creating societal harmony. Our ongoing community engagement programmes are listed in the table below.

Community Engagement Programmes	
Other Community Events	Festive Events
<ul style="list-style-type: none"> • Donation – Malam Wisma Putra event held by Kementerian Luar Negeri • Donation – Corporate Golf Championship hosted by Kementerian Luar Negeri • Donation – Advertising for Buletin Majalah Berita Koperasi Jabatan Kerja Raya • Hosted the Inaugural Badminton Tournament (PPP Cup 2017) • Donation – Sambutan Hari Sukan Negara Peringkat Kementerian Luar Negara Tahun 2017 • Hosted the BEAM President's Cup Golf Challenge 2017 • Donation – The Healthy Lifestyle Run & Ride Programme 2017 hosted by the Kelab Sukan dan Kebajikan Ibu Pejabat Kementerian Kesihatan Malaysia • Donation – Convocation event for Permata Kemas Peringkat Parliamnt in Putrajaya 	<ul style="list-style-type: none"> • Ambang Wira Sdn. Bhd. (AWSB) hosted a majlis iftar for Kementerian Kerja Raya • AWSB hosted a majlis iftar for Jabatan Kerja Raya • Donation – Majlis Rumah Terbuka Kementerian Kerja Raya • Donation – Sambutan Hari Raya Aidiladha hosted by Hospital Shah Alam

Moving Forward

We are cognizant that to achieve long-term business success, sustainability is a critical factor as it addresses not only the economic aspects of our business but also the social and environment aspects as well. In the coming years, we look forward to building on our sustainability strategy and using it to develop specific initiatives and programmes that will contribute towards national and global sustainability.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors (“**the Board**”) of AWC Berhad (“**AWC**” or “**the Company**”) is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (“**the Group**”) as a fundamental part of discharging its duties to enhance shareholders’ value, consistent with the principles and best practices as set out in the Malaysian Code on Corporate Governance (“**MCCG**” or “**the Code**”).

The Board is pleased to set out below the Corporate Governance Overview Statement which describes the manner in which the Group has applied the following principles of the Code during the financial year ended 30 June 2018 (“**FYE 2018**”):

- A. Board leadership and effectiveness;
- B. Effective audit and risk management; and
- C. Integrity in corporate reporting and meaningful relationship with stakeholders.

This Corporate Governance Overview Statement should be read together with Corporate Governance Report for the FYE 2018 which is available on the Company’s website at www.awc.com.my as well as via an announcement on the website of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

A. BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

1. Board’s Leadership on Objective and Goals

- 1.1 The Board is responsible for the leadership and long-term success of the Company and the delivery of sustainable value to its stakeholders. The Board leads the performance of the Company, 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 the Company with due regard to their fiduciary duties and responsibilities.

In discharging its fiduciary duties and leadership functions, the Board is guided by the Board Charter, which outlines the duties and responsibilities of the Board, matters reserved for the Board as well as those which the Board may delegate to the Group Chief Executive Officer/President. The Board has also delegated certain responsibilities to the following Board Committees to assist in the execution of its responsibilities:

- a. Audit and Risk Management Committee (“**ARMC**”);
- b. Nomination Committee (“**NC**”);
- c. Remuneration Committee (“**RC**”); and
- d. Employees’ Share Option Scheme Committee.

Each committee operates in accordance with its respective Terms of Reference as approved by the Board. The Board Committees’ Terms of Reference can be accessed via the Company’s website, www.awc.com.my.

The Board has reserved a formal schedule of matters for its decision making to ensure that it retains full and effective control of the Group’s strategic plans and direction. It has also exercised oversight on Management and set the appropriate tone at the top, while providing thought leadership and championing good governance and ethical practices throughout the Group.



Corporate Governance Overview Statement (cont'd)

1. Board's Leadership on Objective and Goals (Continued)

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Group, the Board has, amongst others:-

- promoted good corporate governance culture within the Group which reinforces ethical, prudent and professional conduct;
- reviewed, challenged and decided on Management's proposals for the Group, and monitor its implementation;
- ensured that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- assessed Management's performance;
- ensured there is a sound framework for internal controls and risk management;
- recognised the principal risks of the Group's business and that business decisions involve the taking of appropriate risks;
- set the risk appetite within which the Board expects Management to operate and ensured that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensured that Senior Management has the necessary skills and experience, and measures are in place to provide for the orderly succession of Board and senior management;
- ensured that the Group has in place procedures to enable effective communication with shareholders and stakeholders; and
- ensured the integrity of the Group's financial and non-financial reporting.

1.2 The Chairman of the Board, Dato' Nik Mod Amin Bin Nik Abd Majid, holds an Independent Non-Executive position and is primarily responsible for the leadership, effectiveness, conduct and governance of the Board.

The Chairman of the Board has:-

- provided leadership to the Board.
- overseen the effective discharge of the Board's supervisory role.
- facilitated the effective contribution of all Directors.
- conducted and chaired Board Meetings and General Meetings of the Company.
- managed Board communications and Board effectiveness and effective supervision over Management.
- ensured that quality information to facilitate decision-making is delivered to the Board on a timely manner.
- ensured Board Meetings and General Meetings are in compliance with good conduct and best practices.
- promoted constructive and respectful relations between Board members and between the Board and the management.

1.3 The position of the Chairman and Group Chief Executive Officer/President are held by two different individuals and each has a clear accepted division of responsibilities to ensure there is a balance of power and authority to promote accountability.

The Chairman is responsible for instilling good corporate governance practices and leadership, and for ensuring Board effectiveness, while the Group Chief Executive Officer/President has overall responsibilities over the day-to-day management of the Group's business and implementation of the Board's policies and decisions.

1.4 The Board is supported by a suitably qualified and competent Company Secretary. The Company Secretary is a member of the Malaysian Association of Company Secretaries and is holding a professional certificate as qualified Company Secretary under the Malaysian Companies Act 2016. The Company Secretary possesses over 25 years of experience in corporate secretarial practices and is supported by a team of competent company secretarial personnel.



Corporate Governance Overview Statement (cont'd)

1. Board's Leadership on Objective and Goals (Continued)

The Company Secretary has:-

- together with Management, managed all Board and Board Committees meeting logistics;
- attended and recorded minutes of all Board and Board Committees meetings and facilitated Board communications;
- advised the Board on its roles and responsibilities;
- advised the Board on corporate disclosures and compliance with Company and Securities Commission's regulations and Main Market Listing Requirements of Bursa Securities;
- managed processes pertaining to the Sixteenth Annual General Meeting ("16th AGM"); and
- monitored corporate governance developments and advised the Board on governance practices.

The Company Secretary had and will continue to keep herself abreast on matters concerning company law, corporate governance, and other pertinent matters, and with changes in the same regulatory environment, through continuous training and industry updates.

Overall, the Board is satisfied with the performance and support rendered by the Company Secretary to the Board in the discharge of her duties and functions.

- 1.5 To facilitate the directors' time planning, meetings calendar was prepared in advance each new year by the Company Secretary. The meetings calendar provides the directors with scheduled dates for meetings of the Board and Board Committees as well as the Annual General Meeting. The closed periods for dealings in securities by directors and principal officers based on the scheduled dates of meetings for making announcements of the Company's quarterly results were also provided therein.

The Notice of Meetings of the Board and Board Committees are sent to the directors via email at least five (5) business days prior to the meetings. Meeting materials are also circulated to directors at least five (5) business days in advance of the Board and Board Committees meetings to ensure they have been given sufficient time to prepare for the meetings. Management and other advisers are invited to attend the meetings to report and brief on their respective areas of responsibility, if required.

The deliberations and decision of matters discussed in the Board and Board Committees meetings are duly recorded in the minutes of meetings, including whether any director abstains from voting or deliberating on a particular matter. The minutes of meetings are circulated to the respective Chairman of the Board and Board Committees in a timely manner for review before they are confirmed and adopted by members of the Board and Board Committees at their respective meetings.

2. Demarcation of Responsibilities Between the Board, Board Committees and the Management

- 2.1 The Board has a Board Charter, which is published on the Company's website at www.awc.com.my, which was reviewed, updated and approved by the Board on 28 August 2018.

The Board Charter clearly sets out the roles and responsibilities, composition and balance, operation and processes of the Board. It serves as a reference point for Board activities and is designed to provide guidance and clarity to directors and management with regards to the respective roles and responsibilities of the Board, Board Committees, Chairman and Group Chief Executive Officer/President, as well as issues and decisions reserved for the Board, the Board's governance structure and authority. This is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities, and the legislations and regulations affecting their conduct.

The Board Charter will be reviewed as and when necessary to ensure that it remains consistent with the Board's objectives and responsibilities, and reflect the latest compliance requirements as a result of changes in the regulatory framework.



Corporate Governance Overview Statement (cont'd)

3 Good Business Conduct and Healthy Corporate Culture

- 3.1 The Board is committed in maintaining a corporate culture that engenders ethical conduct. The Board has formalised ethical standards by establishing a Code of Ethics and Conduct for all directors and employees of the Group, and the core areas of conduct include observing high standard of corporate governance, handling of conflict of interest, management of group information and corporate disclosure, protection of legitimate business interests and declaration of any personal or business interests.

The Code of Ethics and Conduct is incorporated in the Board Charter of the Company and is published on the Company's website at www.awc.com.my.

The Code of Ethics and Conduct is to be observed by all directors and employees of the Group and will be reviewed by the Board regularly to ensure that it continues to remain relevant and appropriate.

- 3.2 The Group is committed to promote good business conduct and maintain business integrity. In recognising the abovementioned values, the Group has put in place a Whistle Blowing Policy that provides guidance on the appropriate communication and feedback channels to facilitate whistleblowing.

The Whistle Blowing Policy aims to achieve the following:-

- To provide avenues for employees to raise genuine concerns or allegation through the appropriate channels upon discovery of possible misconduct;
- To encourage and develop a culture of openness, accountability and integrity;
- To enable Management to be informed at an early stage about acts of misconduct; and
- To ensure the protection to individual who reports the concern or allegation in good faith in accordance with the procedures.

The Whistle Blowing Policy is published on the Company's website at www.awc.com.my.

PART II - BOARD COMPOSITION

4. Board's Objectivity

- 4.1 Currently, the Board has five (5) members as set out in the table below, which comprises a majority of Independent Directors of the Board:-

	Names	Designation
1.	Dato' Nik Mod Amin Bin Nik Abd Majid	Independent Non-Executive Chairman
2.	Dato' Ahmad Kabeer Bin Mohamed Nagoor	Executive Director (Group Chief Executive Officer/President)
3.	Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	Independent Non-Executive Director
4.	Dato' Ahri Bin Hashim	Independent Non-Executive Director
5.	Sureson A/L Krisnasamy	Independent Non-Executive Director

- 4.2 Presently, Dato' Nik Mod Amin Bin Nik Abd Majid, an Independent Director of the Company who has served the Board for a cumulative term of more than nine (9) years.

The NC and the Board take cognizance that under the MCGG, if the Board wishes to retain Dato' Nik Mod Amin Bin Nik Abd Majid as an Independent Director of the Company, the Board should justify and seek shareholders' approval at the forthcoming Seventeenth Annual General Meeting ("**17th AGM**") to be held on 27 November 2018.



Corporate Governance Overview Statement (cont'd)

4. Board's Objectivity (Continued)

The NC and the Board have assessed the independence of Dato' Nik Mod Amin Bin Nik Abd Majid, and have recommended that he be retained as an Independent Director of the Company as he continues to bring independent and objective judgement to Board deliberations and continues to meet the following criteria for independence in discharging his roles and functions as an Independent Director of the Company:-

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

4.3 The Company has not adopted a policy which limits the tenure of its Independent Directors to nine (9) years. The shareholders' approval was obtained at the 16th AGM for the retention of Dato' Nik Mod Amin Bin Nik Abd Majid as an Independent Non-Executive Director.

4.4 The Board acknowledges the importance of Board and Senior Management composition diversity as recommended by the MCCG as a diverse Board and Senior Management can offer greater depth and breadth.

In pursuing diversity agenda, the Directors and Senior Management are sourced from a diverse pool and recruited based on objective criteria, merit and with due regard for diversity in skills, knowledge, experience, age, cultural background, gender and contribution.

The Board appoints its members through a formal and transparent selection process. The NC is responsible to consider and nominate new candidates for appointment and make the necessary recommendations to the Board for approval. In this respect, the role of the NC is detailed in its Terms of Reference, which is accessible on the Company's website, www.awc.com.my.

The Board also via the NC, reviews the correct mix of skills, business and professional experiences that should be added to the Board annually or as and when required.

The Company is an equal opportunity employer and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

4.5 In view of the gained attention of boardroom diversity as an important element of a well functioned organisation, the Board has established and adopted a Gender Diversity Policy on 28 August 2018 which provides a framework for the Company to improve its gender diversity at Board level.



Corporate Governance Overview Statement (cont'd)

4. Board's Objectivity (Continued)

The objectives/principles and measures as set out in the Gender Diversity Policy are as summarised below:

Objectives/Principles

- a. The Company acknowledges the importance to promote gender diversity at Board level and will actively work towards having more female directors on the Board. To avoid any mismatch and ineffective appointment of the female directors, the Company does not set any specific target for female directors in this policy.
- b. In assessing the Board composition and Board effectiveness, the Board shall accord due consideration to gender diversity, required mix of skills, experience, independence and other qualities, including core competencies, commitment, integrity and/or other commitments to the Board.

Measures

To pursue the objectives of gender diversity, the Board will take into consideration the following measures:

- a. The NC and the Board shall nominate or appoint a gender diverse Board with a broad spectrum of perspectives, including but not limited to education background, age, ethnicity, skills, knowledge, expertise, experience, competencies, integrity and/or other commitments that the candidate will bring to complement the Board.
- b. The NC is responsible in ensuring that gender diversity objective is adopted in the Board recruitment and succession planning processes.
- c. The Company shall adopt a more accommodating boardroom culture and environment that is free from discriminations to attract and retain women participation at the Board level.
- d. The Company will undertake the following strategies to promote its gender diversity at Board level:
 - o recruiting from a diverse pool of candidates for female directors;
 - o reviewing succession plans to ensure an appropriate focus on gender diversity;
 - o identifying specific factors to take into account the recruitment and selection processes to encourage gender diversity; and
 - o any other strategies the Board may develop from time to time.

The Board will review the Gender Diversity Policy from time to time to ensure that the policy remains relevant and viable to meet its objectives.

Currently, there is a female director on the Board, namely, Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj, and a female in Senior Management, namely, Ms. Tan Ai Lee, the Group Legal Counsel.

- 4.6 The members of the Board are to be appointed in a formal and transparent practice as endorsed by the MCGG. The NC will scrutinise the candidates and recommend the same for the Board's approval. In discharging this duty, the NC will assess the suitability of an individual by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate can bring to complement the Board.

In searching for suitable candidates for the appointment of directors, the NC may receive suggestions from existing Board members, Management and major shareholders. The NC is also open to referrals from external sources available, such as industry and professional association, as well as independent search firms. The NC is allowed to use a variety of approaches and sources to ensure that it is able to identify the most suitable candidates.



Corporate Governance Overview Statement (cont'd)

4. Board's Objectivity (Continued)

- 4.7 The NC is chaired by Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj, an Independent Non-Executive Director of the Company. The NC Chairperson has led the annual review of Board effectiveness, ensuring that the performance of each individual director is independently assessed and will lead the succession planning and appointment of future Board members.

The NC comprises the following members, all being Non-Executive as identified by the Board:-

Name of Directors	Designation
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj (Chairperson)	Independent Non-Executive Director
Dato' Ahri Bin Hashim (Member)	Independent Non-Executive Director
Sureson A/L Krisnasamy (Member)	Independent Non-Executive Director

The activities undertaken by the NC during the FYE 2018 are as follows:-

- (i) Carried out the assessment and rating of the performance of each Non-Executive Directors 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.
- (ii) Carried out the assessment and rating of the performance of the Executive Director 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.
- (iii) Assessed and evaluated the independence of the Independent Directors.
- (iv) Considered and recommended to the Board for consideration, the re-election of the following directors who were due for retirement at the 16th AGM held on 21 November 2017:-
 - Dato' Ahmad Kabeer Bin Mohamed Nagoor;
 - Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj;
 - Dato' Ahri Bin Hashim; and
 - Sureson A/L Krisnasamy
- (v) Assessed and recommended to the Board the retention of Dato' Nik Mod Amin Bin Nik Abd Majid as an Independent Non-Executive Director.

5.0 Overall Effectiveness of the Board and Individual Directors

- 5.1 The Board has, through the NC, conducted annual evaluation to determine the effectiveness of the Board, its Board Committees and each individual director in FYE 2018. The process was carried out by sending the following customised assessment forms to each directors:-
- i. Performance of Group Chief Executive Officer/President;
 - ii. Performance of Non-Executive Directors;
 - iii. Independence of the Independent Directors;
 - iv. Performance of the ARMC; and
 - v. Effectiveness of the Board and Board Committees as a whole



Corporate Governance Overview Statement (cont'd)

5.0 Overall Effectiveness of the Board and Individual Directors (Continued)

The assessment criteria that are based on the Key Performance Indicators covers the financial performance and business operations, strategic, operations management and business plans, product development, conformance and compliance, stakeholders' relation, succession planning, attendance, preparation and contribution to the committee meetings.

The completed assessment forms for the FYE 2018 were collated by the Company Secretary and tabled to the NC and/or ARMC for review before tabling the same for the Boards' deliberation/notation.

Based on the evaluations conducted in the FYE 2018, the NC and the Board were satisfied with the performance of the individual directors, the Board as a whole, Board Committees as well as the independence and objective judgements that the Independent Directors have brought to the Board.

Attendance of Board and Board Committees' Meetings

The Board schedules at least four (4) meetings in a financial year with additional meetings to be convened where necessary. During the FYE 2018, the Board had conducted five (5) Board meetings where they deliberated and approved various reports and matters, including the quarterly financial results of the Group for the announcement to Bursa Securities as well as discussed on the business plans and strategies, major investments, strategic decisions as well as the Group's financial performance.

The number of meetings held and attended by each member of the Board and Board Committees during the FYE 2018 are as follows:

Name of Directors	Type of Meetings	Board of Directors	ARMC	NC	RC
	No. of Meetings Attended				
Dato' Nik Mod Amin Bin Nik Abd Majid		5/5	4/4	N/A	1/1
Dato' Ahmad Kabeer Bin Mohamed Nagoor ⁽¹⁾		5/5	N/A	N/A	1/1
Yang Mulia Tunku Puan Sri Dato' Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj ⁽²⁾		4/5	N/A	1/1	–
Dato' Ahri Bin Hashim		5/5	4/4	1/1	1/1
Sureson A/L Krisnasamy		4/5	3/4	1/1	N/A

Notes:

- (1) Dato' Ahmad Kabeer Bin Mohamed Nagoor ceased as a member of RC on 22 February 2018.
- (2) Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj was appointed as a member of RC on 22 February 2018.



Corporate Governance Overview Statement (cont'd)

5.0 Overall Effectiveness of the Board and Individual Directors (Continued)

Directors' Trainings

During the FYE 2018, all directors had attended the following training programmes in compliance with Paragraph 15.08 of the Bursa Securities Main LR:-

Name of Directors	Programmes/Seminars attended
Dato' Nik Mod Amin Bin Nik Abd Majid	<ul style="list-style-type: none"> An overview on the Malaysian Code on Corporate Governance 2017
Dato' Ahmad Kabeer Bin Mohamed Nagoor	<ul style="list-style-type: none"> An overview on the Malaysian Code on Corporate Governance 2017
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	<ul style="list-style-type: none"> An overview on the Malaysian Code on Corporate Governance 2017
Dato' Ahri Bin Hashim	<ul style="list-style-type: none"> An overview on the Malaysian Code on Corporate Governance 2017
Sureson A/L Krisnasamy	<ul style="list-style-type: none"> LABUAN: Clearing Tax Myths New Age Zero – Based Budgeting China Banking Industry: Opportunities for Growth

The directors will continue to undergo annually other relevant training programmes, courses, talks, conferences and seminars to keep abreast of relevant changes in laws and regulations, development in the industry in order to further enhance their skills and knowledge.

PART III - REMUNERATION

6. Level and Composition of Remuneration

- 6.1 In view that fair remuneration is crucial to attract, retain and motivate Directors and Senior Management, the Board had adopted a formal and transparent Remuneration Policy that sets out the principles and guidelines for the Board and the RC to determine the remuneration of Directors and Senior Management of the Company, which take into account the demands, complexities and performance of the Company as well as skills and experience required.

The Remuneration Policy is available for reference on the Company's website at www.awc.com.my.



Corporate Governance Overview Statement (cont'd)

6. Level and Composition of Remuneration (Continued)

The tables below set out the main components and operation of the remuneration structure packages of Directors and Senior Management of the Company:-

(I) Remuneration structure for Senior Management and/or Directors who hold an Executive role in the Company

Components of pay	Particulars
Base salary	A fixed salary will be paid for performing the scope of duties and responsibilities and will be reviewed based on the individual performance and achievements of the Company/the Group and comparable market rate within the industry.
Bonus	Annual bonus will be paid to reward, retain and motivate the individual and will be dependant on the performance of the Company/the Group and the personal contribution of the individual to the achievement of those results.
Other benefits	Other benefits which include contribution of EPF, SOCSO, medical fees, medical or health insurance, company car, handphone, travelling and entertainment claims, amongst others, shall be provided based on the Group's human resource policy in the context of market practices from time to time.

(II) Remuneration structure for Directors who hold a Non-Executive role in the Company

Components of pay	Particulars
Fees	A fixed retainer sum shall be paid for their contribution to the Board and the Company. The fixed fee is determined based on the following factors: <ul style="list-style-type: none"> • On par with the rest of the market; • Reflect the qualifications and contribution required in view of the Group's complexity; • The extent of the duties and responsibilities; and • The number of Board meetings and Board Committees' meetings
Meeting allowance and other benefits	A reasonable fixed meeting allowance will be paid on per trip basis with the condition that attendance is a prerequisite for such remittance. Other benefits which include flight tickets, accommodation, travelling expenses, amongst others, incurred in the course of performing his duties or other things required of him as a director of the Company.

The Remuneration Policy is guided by the following key principles in remunerating the directors of the Company:

- a. fees payable to directors who hold non-executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- b. fees and/or benefits (including meeting allowance) payable to directors are subject to annual shareholders' approval at a general meeting, where notice of the proposed fees and/or benefits has been given in the notice convening the meeting;
- c. fees payable to an alternate director (if any) shall be agreed upon between himself and the director nominating him and shall be paid out of the remuneration of the latter; and
- d. salaries and other emoluments payable to directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover.



Corporate Governance Overview Statement (cont'd)

6. Level and Composition of Remuneration (Continued)

The Remuneration Policy will be reviewed by the Board from time to time and the Board may make any necessary amendments to the policy to ensure it remains consistent and relevant with the Board's objectives, current laws and practices.

- 6.2 The Board, assisted by the RC, implements the policy and procedures on the remuneration, which includes reviewing and recommending the proposed remuneration packages of the directors of the Company. The RC seeks to ensure that the remuneration packages commensurate with the expected responsibility and contribution by the directors and link to the strategic objectives of the Company.

The RC has a detailed Terms of Reference in writing which is accessible on the Company's website at www.awc.com.my.

7.0 Remuneration of Directors and Senior Management

- 7.1 The directors' fees and benefits of the Company are subject to the approval of shareholders of the Company. The remuneration of individual directors of the Company for the FYE 2018 is as follows:-

The Company

Name of Directors	Fees RM	Salaries RM	Benefits in Kind RM	Meeting Allowance RM	Bonus RM	Other Emoluments RM
Executive Director						
Dato' Ahmad Kabeer Bin Mohamed Nagoor	-	-	-	-	-	-
Non-Executive Directors						
Dato' Nik Mod Amin Bin Nik Abd Majid	-	-	-	-	-	-
Yang Mulia Tunku Puan Sri Dato' Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	48,000	-	-	1,500	-	-
Dato' Ahri Bin Hashim	48,000	-	-	2,000	-	-
Sureson A/L Krisnasamy	48,000	-	-	2,000	-	-



Corporate Governance Overview Statement (cont'd)

7.0 Remuneration of Directors and Senior Management (Continued)

The Group

Name of Directors	Fees RM	Salaries RM	Benefits in Kind RM	Meeting Allowance RM	Bonus RM	Other Emoluments RM
Executive Director						
Dato' Ahmad Kabeer Bin Mohamed Nagoor	-	1,800,000	-	-	1,200,000	562,944
Non-Executive Directors						
Dato' Nik Mod Amin Bin Nik Abd Majid	120,000	-	-	2,000	-	-
Yang Mulia Tunku Puan Sri Dato' Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	-	-	-	-	-	-
Dato' Ahri Bin Hashim	-	-	-	-	-	-
Sureson A/L Krisnasamy	-	-	-	-	-	-

The Board determines the fees and benefits 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 the decisions regarding their own fees, benefits and/or remuneration packages.

7.2 The remuneration of Senior Management of the Company is as follows:-

Range of Remuneration	No. of Senior Management Officer
RM200,001 to RM250,000	2
RM250,001 to RM350,000	-
RM350,001 to RM400,000	1
RM400,001 to RM450,000	-
RM450,001 to RM500,000	1
RM500,001 to RM650,000	-
RM650,001 to RM700,000	2
RM700,001 to RM800,000	-
RM800,001 to RM850,000	1
RM850,001 to RM3,550,000	-
RM3,550,000 to RM3,600,000	1

Due to the confidentiality and sensitivity of the remuneration packages of Senior Management as well as security concerns, the Board opts not to disclose the Senior Management's remuneration components on named basis in the bands of RM50,000.00.

The Board is of the view that the disclosure of the Senior Management's remuneration components will not be in the best interest of the Company given the competitive human resources environment, such disclosure may give rise to recruitment and talent retention issues.



Corporate Governance Overview Statement (cont'd)

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I - AUDIT AND RISK MANAGEMENT COMMITTEE ("ARMC")

8.0 Effective and Independent ARMC

8.1 The positions of Chairman of the Board and Chairman of ARMC are being held by two different persons. The Chairman of the Board is Dato' Nik Mod Amin Bin Nik Abd Majid, an Independent Non-Executive Director, while the Chairman of the ARMC is Mr. Sureson A/L Krisnasamy, also an Independent Non-Executive Director. This separation is to ensure that the Board's review of the ARMC's findings and recommendations are not impaired.

Mr. Sureson A/L Krisnasamy is responsible to ensure the overall effectiveness and independence of the ARMC. Together with other members of the ARMC, Mr. Sureson has ensured amongst others that:-

- a. the ARMC is fully informed about significant matters related to the Group's audit and its financial statements and these matters are addressed;
- b. the ARMC appropriately communicates its insights, views and concerns about relevant transactions and events to Internal and External Auditors;
- c. the ARMC's concerns on matters that may have an effect on the financial or audit of the Group are communicated to the External Auditors; and
- d. there is co-ordination between Internal and External Auditors.

8.2 The ARMC will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of ARMC was a former key audit partner. Currently, none of the members of the ARMC is a former key audit partner.

8.3 The Board had on 22 February 2018 established an External Auditors Assessment Policy which sets out the guidelines and procedures for the ARMC to review, assess and monitor the suitability, objectivity and independence of the External Auditors that consider amongst others:-

- a. Adequacy of resources and experience of the audit firm;
- b. Quality processes of the audit firm;
- c. Competency of audit engagement team;
- d. Audit governance and independence;
- e. Audit fee, scope and planning; and
- f. Audit communications.

The procedures for the selection and appointment of External Auditors as stated in the policy are as follows:-

- i. To identify the audit firms which meet the criteria for appointment and to request for their proposals of engagement for consideration;
- ii. To assess the proposals received and shortlist the suitable audit firms;
- iii. To meet and/or interview the shortlisted audit firms;
- iv. To recommend the suitable audit firm to the Board for appointment as External Auditors of the Company.



Corporate Governance Overview Statement (cont'd)

8.0 Effective and Independent ARMC (Continued)

The assessment to consider the suitability, objectivity and independence of the audit firm is conducted annually. The ARMC is of the view that the External Auditors have conducted itself objectively and independently in carrying out the audit of the Company, and is therefore suitable to be re-appointed for the ensuing year and has recommended the same to the Board based on the following additional observations:-

- External Auditors' active communication with the ARMC
- Presentation of a comprehensive audit plan and audit findings report
- External Auditors has provided the necessary quality of services required
- External Auditors has sufficient resources to carry out the audit

In the External Auditors' reports on its audit plan and audit findings, the External Auditors provided their assurance to ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the By-Laws of the Malaysian Institute of Accountants.

The Board, having considered the ARMC's recommendation and feedback, was satisfied with the suitability and independence of the External Auditors and has recommended their re-appointment to the shareholders for approval at the 17th AGM.

8.4 The ARMC comprises solely of the following Independent Non-Executive Directors:-

- a. Sureson A/L Krisnasamy;
- b. Dato' Nik Mod Amin Bin Nik Abd Majid; and
- d. Dato' Ahri Bin Hashim.

8.5 The members of the ARMC are financially literate and possess the necessary skills and knowledge to discharge their duties in accordance with the Terms of Reference of the ARMC. They are able to understand the Group's business and matters under the purview of the ARMC including the financial reporting process. With the necessary skills and knowledge, they are able to effectively review the Group's financial reporting process and transaction and detect any financial anomalies or irregularities in the financial statements as well as challenge Management's assertions on the Group's financials.

All members of the ARMC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

During the meetings of the ARMC, the members have also been briefed by the External Auditors, Messrs Baker Tilly Monteiro Heng, on the development or changes in the applicable Malaysian Financial Reporting Standards, International Financing Reporting Standards and the relevant accounting requirements under the Companies Act 2016.

PART II - RISK MANAGEMENT AND INTERNAL CONTROL

9. Risk Management and Internal Control Framework

9.1 The Board acknowledges its overall responsibility of maintaining a sound system of risk management and internal control, and of reviewing its adequacy and effectiveness. The Company has adopted a Registry of Risk and a Risk Management Handbook to identify, evaluate, control and monitor the principal business risks faced by the Group on an on-going basis in order to safeguard shareholders' investment and the Group's assets. The risk management and internal control are embedded in various work processes and procedures of the respective operational functions and management team.

The Board has delegated the responsibility of reviewing the adequacy and effectiveness of the risk management and internal control systems to the ARMC.



Corporate Governance Overview Statement (cont'd)

9. Risk Management and Internal Control Framework (Continued)

- 9.2 The Board via the ARMC oversees the risk management of the Group. The ARMC reviews the effectiveness of the risk management function and deliberate on the risk management and internal control frameworks, functions, processes and reports on a regular basis.

For the financial year under review, the ARMC is assisted by the management as well as the outsourced Internal Auditors to identify and assess the significant risks faced by the Group and to ensure that appropriate risk treatments were in place to mitigate the risks that affect the achievement of the Group's business objectives. The Internal Auditors reports directly to the ARMC and the internal audit plans are tabled to the ARMC every quarter for review to ensure adequate coverage.

The risk management and internal control are ongoing processes, which are undertaken at each department. The existing system of risk management and internal control will be continuously enhanced by taking into consideration the changing business environment and be further strengthened with compensating controls and appropriate check and balance mechanism.

Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control in the Annual Report 2018.

- 9.3 The Board has renamed the Audit Committee to ARMC on 22 February 2018 which comprising exclusively Independent Non-Executive Directors, to oversee the Group's audit, risk management framework and policies.

10. Effective Governance, Risk Management and Internal Control Framework

- 10.1 The internal audit function is outsourced to an independent professional service firm that assists the ARMC in managing the risks and establishment of the internal control system and processes of the Group by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control system and processes. The Internal Auditors reports directly to the ARMC.

To ensure that the responsibilities of Internal Auditors are fully discharged, the ARMC evaluates the performance of the Internal Auditors for the FYE 2018 based on the following evaluation criteria as set out in the Internal Auditors' Annual Assessment Form:-

- a. Adequacy of resources and experience of the internal audit firm;
- b. Quality processes of the internal audit firm;
- c. Competency of the engagement team;
- d. Governance and independence;
- e. Internal audit fee, scope and planning; and
- f. Internal audit reports and communications.

The ARMC concluded its assessment that the Internal Auditors have sufficient experience and resources to satisfy their terms of reference and adequately deliver the quality services to the Group.

The Internal Auditors have and will continue to keep abreast with developments in the profession, relevant industry and regulations.

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively.

Further details of the internal audit function and activities are set out in the Statement on Risk Management and Internal Control and the Audit Committee Report in the Annual Report 2018.



Corporate Governance Overview Statement (cont'd)

10. Effective Governance, Risk Management and Internal Control Framework (Continued)

- 10.2 The Internal Audit function is outsourced to Sterling Business Alignment Consulting Sdn. Bhd. (“**Sterling**”), a third party professional internal audit service firm which is independent of the operations and activities of the Group.

The engagement team from Sterling are free from any relationship or conflict of interest, which could impair their objectivity and independence.

The number of audit staff deployed for each internal audit review ranges from 3 to 4 Internal Auditors per visit. Sterling is a corporate member of the Institute of Internal Auditors Malaysia (IIAM). Different lead Internal Auditors is assigned to conduct each internal audit review, depending on the scope of the review.

The Internal Auditors use the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control system.

The internal audit function is carried out in accordance to the International Professional Practices Framework set by the Institute of Internal Auditors to ensure that internal audit staff are professionally guided and trained to develop the appropriate competencies to perform their duties during the internal audit review.

The ARMC was satisfied with the competency, experience and resources of the internal audit function for discharging their roles and responsibilities.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Part I - COMMUNICATION WITH STAKEHOLDERS

11.0 Continuous Communication between Company and Stakeholders

- 11.1 The Board believes that a constructive and effective investor relationship is essential in enhancing shareholders value. The Board, in its best efforts, always keeps the shareholders and various stakeholders informed of the Group’s business, operations and financial performance and ensures that the Company’s communication with them is transparent and timely.

The Board is guided by Bursa Securities’s Corporate Disclosure Guide as published by Bursa Securities in deciding on the necessary disclosures and announcements from time to time. The Company communicates regularly with the public by releasing its announcements, quarterly reports, annual reports and circular at Bursa Securities’s website at www.bursamalaysia.com or the Company’s website at www.awc.com.my.

The Company’s corporate website at www.awc.com.my serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news, events, announcements to Bursa Securities relating to the Company. Shareholders may also communicate with the Company on investors relation matters by contacting the investors relation person-in-charge as stated on its website.

The Company also communicates with its shareholders via its Annual Report to shareholders. Besides, the Company’s Annual General Meeting (“**AGM**”) remains a principal forum used by the Company for dialogue with its shareholders. The AGM provides an opportunity for the shareholders to seek and clarify any issues on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group. The Board, Senior Management and the External Auditors will be present to answer and provide appropriate clarifications to the shareholders at the AGM.

The Board has also put in place a Corporate Disclosure Policy to promote comprehensive, accurate and timely disclosure pertaining to the Group’s matters to regulators, its shareholders and stakeholders.



Corporate Governance Overview Statement (cont'd)

11.0 Continuous Communication between Company and Stakeholders (Continued)

11.2 The Company is not categorised as “Large Companies” under the MCCG and hence, has not adopted integrated reporting based on a globally recognised framework.

PART II - CONDUCT OF GENERAL MEETINGS

12. Shareholders' Participation at General Meetings

12.1 The notice of the 17th AGM of the Company which is scheduled to be held on 27 November 2018 was sent to the shareholders at least twenty-eight (28) days before the date of the AGM this year.

The notice of general meeting provides detailed explanation for the resolutions proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to have sufficient time to consider the resolutions that will be discussed and to make informed decisions in exercising their voting rights.

12.2 All the Directors of the Company except Mr. Sureson A/L Krisnasamy, were present at the 16th AGM of the Company held on 21 November 2017.

During the proceedings of the 16th AGM, the Chairman invited shareholders to raise questions pertaining to the Company's audited financial statements and other agendas tabled for approval at the meeting. All questions raised by the shareholders were answered and addressed accordingly.

All the Directors of the Company will always endeavour to attend all general meetings and the Chairman of the Board Committees will provide meaningful response to questions addressed to them.

12.3 The Company has yet to implement voting in absentia and remote participation by shareholders at general meetings as encouraged by the MCCG. Prior to implementing the same, the Board noted several factors and conditions that need to be fulfilled prior to making such considerations:-

- Relevant amendments to the Articles of Association of the Company to outline the procedures for enabling such voting and participation;
- Availability of technology and infrastructure;
- Affordability of the technology and infrastructure;
- Sufficient number of shareholders residing or locating at particular remote locations; and
- Age profile of the shareholders.

On the other hand, the general meetings of the Company are always held in the Klang Valley in an accessible location to facilitate the participation of shareholders. While all practical efforts are taken to ensure that shareholders are able to participate at general meetings, considering the costs involved and the current electronic voting technology available, the Board is of the view that it is not economically justifiable to enable voting in absentia or remote shareholders' participation at the forthcoming 17th AGM of the Company.

Notwithstanding the above, the Company will carefully consider all factors including all applicable requirements, necessary framework and processes, as well as communication to shareholders, for implementation at the appropriate time.

STATEMENT OF COMPLIANCE

The Board considers the Company has substantially complied with the principles and practices set out in the Code. This Statement together with the Corporate Governance Report set out the manner in which the Company observes the intended outcome as prescribed in the Code. The Board remains steadfast in upholding the highest standards of corporate governance practices to safeguard the interests of all its stakeholders.



AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

A. OBJECTIVES

The Audit Committee was renamed as Audit and Risk Management Committee with effect from 22 February 2018. The Audit and Risk Management Committee (“**ARMC**” or “**the Committee**”) was established with the primary objective of providing additional assurance to the Board of Directors (“**the 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.

B. MEMBERS

The current members of the ARMC 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
Dato’ Ahri Bin Hashim (Member)	Independent Non-Executive Director

The Company has complied with Paragraph 15.09 of the Main Market 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 ARMC can be accessed from the corporate website of the Company at www.awc.com.my.

C. SUMMARY OF WORKS DURING THE FINANCIAL YEAR ENDED 30 JUNE 2018

During the financial year under review, the Committee held a total of four (4) meetings. Details of the attendance of the Committee members are as follows:-

Committee Members	Attendance
Sureson A/L Krisnasamy, Chairman	3/4
Dato’ Nik Mod Amin Bin Nik Abd Majid	4/4
Dato’ Ahri Bin Hashim	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 invitation by the Committee.



Audit and Risk Management Committee Report (cont'd)

The summary of the works undertaken by the Committee during the financial year ended 30 June 2018, 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 2018 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 by the External Auditors;
- iv. Considered and recommended the re-appointment of Messrs Baker Tilly Monteiro Heng 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 Auditors, 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 and Risk Management Committee Report, Corporate Governance Overview 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 2018 and submit the evaluation to the Nomination Committee for assessment; and
- x. Reviewed the verification of the options granted under the Employee's Share Option Scheme ("ESOS") of the Company for the financial year ended 30 June 2018.



Audit and Risk Management Committee Report (cont'd)

D. INTERNAL CONTROL REVIEW AND 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.

ii. IA Activities

The IA reporting can broadly be segregated into three (3) 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 2018 was RM63,719.

iv. Review of IA Function

For the financial year ended 30 June 2018, 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 2018 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), Malaysian Code on Corporate Governance (“**MCCG**”) and “Statement on Internal Control and Risk Management: Guidance for Directors of Listed Issuer”.

BOARD RESPONSIBILITY

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 MCCG.

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

RISK MANAGEMENT FRAMEWORK

The Board resolves 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 the 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 financial 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 a 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 summarises the risk management methodology, approaches and processes, roles and responsibilities, and various risk management concepts. The respective risk owners are accountable to identify risks and to ensure that adequate internal control systems are implemented to mitigate the 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**”), a third party professional internal audit service firm which is independent of the operations and activities of the Group. The Internal Auditors are also independent of the Board and management, and reports directly to the Audit & Risk Management Committee (“**ARMC**”). In discharging its obligations and duties pursuant to its appointment, the Internal Auditors undertake rigorous, objective, independent and systematic reviews of the system of internal controls. Following the assessment, the Internal Auditors provide reasonable and continuous assurance on the satisfactory operations and effectiveness of the Group’s system of internal controls. The purpose of such 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 submit its reports to the ARMC 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 ARMC 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 in the ARMC, outlining the entities which will be subject to the next internal audit exercise and the 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 work are also considered at length.

For the financial year ended 30 June 2018, four (4) internal audit reviews and four (4) follow up reviews had been carried out by the Internal Auditors:-

Financial Reporting Quarter	Reporting Month	Name of Entity Audited	Audited Areas
1 st Quarter (July 2017 – Sept 2017)	Nov 2017	<u>Engineering Division</u> • M&C Engineering & Trading (S) Pte. Ltd.	Internal Audit Review • Sales and Marketing • Inventory Management • Procurement • Finance • Project Management Follow-up actions on previously reported audit findings.
2 nd Quarter (Oct 2017 – Dec 2017)	Feb 2018	<u>Engineering Division</u> • Qudotech Sdn. Bhd.	Internal Audit Review • Tender Management • Procurement Follow-up actions on previously reported audit findings.
3 rd Quarter (Jan 2018 – March 2018)	May 2018	<u>Environmental Division</u> • Stream Environment Sdn. Bhd.	Internal Audit Review • Research & Development • Business Development and Sales Support • Engineering Support Follow-up actions on previously reported audit findings.
4 th Quarter (Apr 2018 – June 2018)	Aug 2018	<u>Facilities Division</u> • Ambang Wira Sdn. Bhd.	Internal Audit Review • Operation (Contract Management) Follow-up actions on previously reported audit findings.



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 ARMC**

The ARMC 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 ARMC also enjoys full and unrestricted access to both the external and internal auditors. The ARMC assesses the adequacy and effectiveness of enacted internal control procedures during the financial year. The ARMC reviews the internal control issues identified and highlighted by the Internal Auditors, External Auditors and by the management team in their quarterly reports. The internal audit reviews conducted during the financial year under review 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 ARMC over the course of the financial year is set out in the ARMC 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 Group Chief Executive Officer/President, 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 of the holding company.

In addition to the ARMC, 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 various committees, the Group Chief Executive Officer/President, 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 the 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)

- **Review of the statement by external auditors**

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control by performing a limited assurance engagement. Their limited assurance engagement was performed in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and guided by Audit and Assurance Practice Guide (“AAPG”) 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on the procedures performed, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor was factually inaccurate.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group’s risk management and internal control system. The Board has received assurance from the Group Chief Executive Officer/President and Chief Financial Officer that the Group’s risk management and internal control system, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group as a whole.

This Statement is made in accordance with the resolution of the Board of Directors dated 16 October 2018.



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 2018 (“**FYE 2018**”)

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 2018 are as follows:-

	Company RM	Group RM
Audit fee	73,000	408,549
Non-audit fee	10,000	10,000

3. Material contracts involving directors and major shareholders’ interest

There was no material contracts 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 32 to the financial statements. For the FYE 2018, 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’s 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 five (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 5,847,000 options granted under ESOS during the FYE 2018.

The actual allocation of ESOS to directors and senior management since the commencement of the ESOS is 28%.



Additional Compliance Information (cont'd)

Details of the ESOS of the Company as at 30 June 2018 are as follows:-

	Total granted to eligible employees and directors	Directors (including Group Chief Executive Officer/President)
Total number of options granted at exercise price of		
- 33.6 sen	23,442,100	4,700,000
- 42.3 sen	5,709,000	-
- 72.3 sen	5,367,000	-
- 72.8 sen	480,000	-
Total number of options exercised at exercise price of		
- 33.6 sen	11,332,360	2,760,000
- 42.3 sen	2,105,612	-
- 72.3 sen	-	-
- 72.8 sen	-	-
Total number of options lapsed	3,692,120	120,000
Total number of options outstanding	17,868,008	1,820,000

There were no options under ESOS granted to Non-Executive Directors of the Company during the FYE 2018. The number of options exercised by Non-Executive Directors of the Company during the financial year ended 30 June 2018 are as follows:-

Non-Executive Director	Amount of options granted as at 1 July 2017	Amount of options Exercised during FYE 2018
Dato' Nik Mod Amin Bin Nik Abd Majid	500,000	-
Tunku Puan Sri Dato' Hajjah Hayati Binti Tunku Abdul Rahman Al-Haj	-	-
Dato' Ahri Bin Hashim	-	-
Sureson A/L Krisnasamy	-	-

6. Corporate Social Responsibility ("CSR") Activities and Practices

The Board recognises the importance of being a responsible corporate citizen to enhance and positively contribute to society. The Company did not undertake any corporate responsibility activities during the year under review as the Board focuses on capturing market opportunities to sustain its business growth. The Group will be looking at implementing the best practices of CSR in areas of environment, community, workplace and marketplace in the coming years.

7. Statement of Directors' Responsibilities in the Preparation of Financial Statements

The Directors are required by the Companies Act 2016 ("CA 2016") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cash flows for the financial year.

The Directors consider that in preparing the financial statements,

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgments and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Group and the Company maintain accounting records that disclose with reasonable accuracy, the financial position of the Group and the Company, and the financial statements comply with the requirements of the CA 2016. The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.



FINANCIAL STATEMENTS

Directors' Report	<u>70</u>
Statements of Financial Position	<u>76</u>
Statements of Comprehensive Income	<u>78</u>
Statements of Changes in Equity	<u>79</u>
Statements of Cash Flows	<u>83</u>
Notes to the Financial Statements	<u>87</u>
Statement by Directors	<u>163</u>
Statutory Declaration	<u>163</u>
Independent Auditors' Report	<u>164</u>

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activity whilst the principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the financial year	27,028,373	21,318,570
<hr/>		
Attributable to:		
Owners of the Company	21,658,899	21,318,570
Non-controlling interests	5,369,474	–
	<hr/> 27,028,373	<hr/> 21,318,570

DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year were as follows:

	RM
Single tier final dividend of 1 sen per ordinary share in respect of the financial year ended on 30 June 2017, paid on 10 January 2018	2,674,641

At the forthcoming Annual General Meeting, a final single tier dividend of 0.5 sen per ordinary share, amounting to RM1,347,241, based on the number of outstanding ordinary shares in issue (net of treasury shares) as at 30 June 2018, in respect of the financial year ended 30 June 2018, will be proposed for shareholder's approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2019.

RESERVES OR PROVISIONS

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



Directors' Report (cont'd)

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person other than those as disclosed in Note 25 to the financial statements, and
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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



Directors' Report (cont'd)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 6,117,672 new 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 rank pari passu in all respects with the existing ordinary shares of the Company.

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

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirements of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 30 June 2018, the Company held 3,326,800 treasury shares out of its 272,775,094 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM855,221. Further details are disclosed in Note 18 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year other than the issue of options pursuant to the Employees' Share Option Scheme ("ESOS").

At an Extraordinary General Meeting held on 1 October 2015, the Company's shareholders approved the establishment of an ESOS for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible directors and employees of the Group.

The salient features and other details of the ESOS are disclosed in Note 19(d) to the financial statements.



Directors' Report (cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

The movements in the number of share options pursuant to the ESOS during the financial year are as follows:

Grant date	Exercise price	Number of options over ordinary shares under ESOS				At 30 June 2018
		At 1 July 2017	Granted	Exercised	Lapsed	
2 November 2015	33.6 sen	15,339,800	–	(4,834,260)	(1,311,320)	9,194,220
15 April 2016	42.3 sen	4,634,800	–	(1,119,412)	(690,600)	2,826,788
26 February 2018	72.3 sen	–	5,367,000	–	–	5,367,000
22 March 2018	72.8 sen	–	480,000	–	–	480,000
		19,976,600	5,847,000	(5,953,672)	(2,001,920)	17,868,008

DIRECTORS

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

Dato' Nik Mod Amin Bin Nik Abd Majid *
Dato' Ahmad Kabeer Bin Mohamed Nagoor *
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj*
Dato' Ahri Bin Hashim *
Sureson A/L Krisnasamy

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Datuk Syed Hussian Bin Syed Junid
Datin Dr. Wahida Binti Abdul Rahman
Ahmad Nazim Bin Ahmad Kabeer
Chan Choon Sen
Chang Leong Hao
Chee Kar Ming
Divesh Navinchandra Sheth
Nik Adnan Bin Nik Mohd Salleh
Tan Siew Kheng
Zuraini Binti Aman
Khathir Sulaiman Bin Abdullah (Alternate director to Noor Khan Bin Ibrahim Khan)
Shahril Bin Rajab (Appointed on 26 September 2017)
Mohan Kumar A/L Ravindrawathan (Appointed on 11 January 2018)
Noor Khan Bin Ibrahim Khan (Appointed on 11 January 2018)
Indralingam A/L Subramaniam (Appointed on 1 February 2018)
Chea Thean Teik (Appointed on 16 April 2018)
Koh Kwee Fook (Appointed on 16 April 2018)
Voon Siew Moon (Appointed on 16 April 2018 and also an alternate director to Dato' Ahri Bin Hashim)
Azman Bin Tambi Chik (Appointed on 7 May 2018)
Muzamil Mirza Bin Mohamad Mirza (Appointed on 7 May 2018)
Tevanaigam Randy Chitty (Resigned on 19 October 2017)
Farid Emran Bin Mohd Tajuddin (Resigned on 30 January 2018)
Gan Geok Soon (Resigned on 16 April 2018)
Sri Skanda Rajah A/L S. Ratnam (Resigned on 16 April 2018)
Noor Azima Binti Mahat (Resigned on 7 May 2018)



Directors' Report (cont'd)

DIRECTORS' INTERESTS

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

	At 1 July 2017	Number of ordinary shares		At 30 June 2018
		Bought	Sold	
Interest in the Company				
Direct interests:				
Dato' Ahmad Kabeer Bin Mohamed Nagoor	8,813,600	1,800,000	–	10,613,600
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	–	10,000	–	10,000
Indirect interests:				
Dato' Ahmad Kabeer Bin Mohamed Nagoor ^	80,144,000	2,606,000	–	82,750,000

^ Shares held through a company in which the director has substantial financial interests.

	At 1 July 2017	Number of options over ordinary shares under ESOS		At 30 June 2018
		Granted	Exercised	
Interest in the Company				
Direct interests:				
Dato' Nik Mod Amin Bin Nik Abd Majid	500,000	–	–	500,000
Dato' Ahmad Kabeer Bin Mohamed Nagoor	3,000,000	–	(1,800,000)	1,200,000

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Ahmad Kabeer Bin Mohamed Nagoor is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 26 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.



Directors' Report (cont'd)

DIRECTORS' BENEFITS (CONTINUED)

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the share options granted under the ESOS.

INDEMNITY AND INSURANCE TO DIRECTORS AND OFFICERS

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

SUBSIDIARIES

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

The auditors' report on the financial statements of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events during and subsequent to the financial year end are disclosed in Note 35 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 25 to the financial statements.

INDEMNITY TO AUDITORS

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

AUDITORS

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

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

DATO' NIK MOD AMIN BIN NIK ABD MAJID
Director

DATO' AHMAD KABEER BIN MOHAMED NAGOOR
Director

Date: 16 October 2018



STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	15,476,858	14,591,667	49,035	43,096
Investment properties	6	4,510,206	2,778,200	–	–
Goodwill on business combination	7	28,144,403	28,144,403	–	–
Investment in subsidiaries	8	–	–	109,143,609	87,842,717
Other investments	9	–	–	–	–
Deferred tax assets	10	3,354,634	1,041,904	–	–
Total non-current assets		51,486,101	46,556,174	109,192,644	87,885,813
Current assets					
Inventories	11	18,855,735	18,049,497	–	–
Current tax assets		2,256,086	3,398,215	205,000	88,036
Trade and other receivables	12	91,907,001	113,353,489	7,623,317	10,332,528
Amount due from customers on contract	13	54,556,142	43,368,329	–	–
Amount due from subsidiaries	14	–	–	3,540,234	2,088,277
Cash and short-term deposits	15	57,047,940	67,691,221	265,452	1,831,836
Total current assets		224,622,904	245,860,751	11,634,003	14,340,677
TOTAL ASSETS		276,109,005	292,416,925	120,826,647	102,226,490
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	94,841,433	91,114,551	94,841,433	91,114,551
Share premium	17	–	–	–	–
Treasury shares	18	(855,221)	(855,221)	(855,221)	(855,221)
Other reserves	19	9,947,327	10,817,498	14,032,582	14,540,355
Retained earnings/ (Accumulated losses)		59,772,196	40,169,385	5,637,421	(13,625,061)
Non-controlling interests		163,705,735	141,246,213	113,656,215	91,174,624
		36,032,937	28,431,511	–	–
TOTAL EQUITY		199,738,672	169,677,724	113,656,215	91,174,624



Statements of Financial Position (cont'd)

As at 30 June 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Non-current liabilities					
Loans and borrowings	20	10,833,570	2,147,078	–	–
Trade and other payables	21	352,508	368,508	–	–
Provision for end of service benefit	22	586,427	487,376	–	–
Deferred tax liabilities	10	621,682	275,748	–	–
Total non-current liabilities		12,394,187	3,278,710	–	–
Current liabilities					
Loans and borrowings	20	2,622,740	2,655,613	–	–
Current tax liabilities		239,608	1,556,577	–	–
Trade and other payables	21	60,355,073	108,634,856	575,491	4,743,103
Amount due to customers on contract	13	758,725	6,613,445	–	–
Amount due to subsidiaries	14	–	–	6,594,941	6,308,763
Total current liabilities		63,976,146	119,460,491	7,170,432	11,051,866
TOTAL LIABILITIES		76,370,333	122,739,201	7,170,432	11,051,866
TOTAL EQUITY AND LIABILITIES		276,109,005	292,416,925	120,826,647	102,226,490

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



STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Revenue	23	303,977,893	296,495,631	4,690,225	14,700,000
Cost of sales		(224,404,591)	(214,679,423)	-	-
Gross profit		79,573,302	81,816,208	4,690,225	14,700,000
Other income		3,307,700	8,274,555	19,561,056	-
Administrative expenses		(50,786,369)	(51,513,519)	(2,967,712)	(2,472,770)
Operating profit		32,094,633	38,577,244	21,283,569	12,227,230
Finance income, net	24	1,856,400	77,473	62,807	31,708
Profit before tax	25	33,951,033	38,654,717	21,346,376	12,258,938
Income tax expense	27	(6,922,660)	(7,753,087)	(27,806)	(307,670)
Profit for the financial year		27,028,373	30,901,630	21,318,570	11,951,268
Other comprehensive income, net of tax					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Gain on revaluation of property, plant and equipment		1,095,454	-	-	-
<i>Item that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		774,100	1,812,932	-	-
Other comprehensive income for the financial year		1,869,554	1,812,932	-	-
Total comprehensive income for the financial year		28,897,927	32,714,562	21,318,570	11,951,268
Profit attributable to:					
Owners of the Company		21,658,899	22,018,862	21,318,570	11,951,268
Non-controlling interests		5,369,474	8,882,768	-	-
		27,028,373	30,901,630	21,318,570	11,951,268
Total comprehensive income attributable to:					
Owners of the Company		21,296,501	23,290,931	21,318,570	11,951,268
Non-controlling interests		7,601,426	9,423,631	-	-
		28,897,927	32,714,562	21,318,570	11,951,268
Earnings per share (sen):					
Basic	28	8.09	8.35		
Diluted	28	7.88	7.94		

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



STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Attributable to Owners of the Company							
Group	Share capital RM	Share premium RM	Treasury shares RM	Other reserves RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
At 1 July 2016	78,442,936	10,211,109	(855,221)	7,834,418	23,364,610	118,997,852	28,807,880	147,805,732
Total comprehensive income for the financial year								
Profit for the financial year	-	-	-	-	22,018,862	22,018,862	8,882,768	30,901,630
Other comprehensive income for the financial year	-	-	-	1,272,069	-	1,272,069	540,863	1,812,932
Total comprehensive income	-	-	-	1,272,069	22,018,862	23,290,931	9,423,631	32,714,562
Transactions with owners								
Dividends paid on shares to:								
- Owners of the Company	-	-	-	-	(5,214,087)	(5,214,087)	-	(5,214,087)
- Non-controlling interests	-	-	-	-	-	-	(9,800,000)	(9,800,000)
Issuance of ordinary shares pursuant to:								
- Exercise of ESOS	1,603,491	857,015	-	(610,806)	-	1,849,700	-	1,849,700
Share options granted	-	-	-	2,628,619	-	2,628,619	-	2,628,619
Disposal of investment in joint venture	-	-	-	(306,802)	-	(306,802)	-	(306,802)
Total transactions with owners	1,603,491	857,015	-	1,711,011	(5,214,087)	(1,042,570)	(9,800,000)	(10,842,570)
Transition to no-par value regime	16	11,068,124	-	-	-	-	-	-
At 30 June 2017	91,114,551	-	(855,221)	10,817,498	40,169,385	141,246,213	28,431,511	169,677,724



Statements of Changes in Equity (cont'd)

For the financial year ended 30 June 2018

	← Attributable to Owners of the Company →						
Group (Continued)	Share capital	Treasury shares	Other reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
Note	RM	RM	RM	RM	RM	RM	RM
At 1 July 2017	91,114,551	(855,221)	10,817,498	40,169,385	141,246,213	28,431,511	169,677,724
Total comprehensive income for the financial year							
Profit for the financial year	-	-	-	21,658,899	21,658,899	5,369,474	27,028,373
Other comprehensive income for the financial year	-	-	(362,398)	-	(362,398)	2,231,952	1,869,554
Total comprehensive income	-	-	(362,398)	21,658,899	21,296,501	7,601,426	28,897,927
Transactions with owners							
Dividends paid on shares - Owners of the Company	-	-	-	(2,674,641)	(2,674,641)	-	(2,674,641)
Issuance of ordinary shares pursuant to:							
- Exercise of ESOS	3,726,882	-	(1,629,058)	-	2,097,824	-	2,097,824
Share options granted	-	-	1,739,838	-	1,739,838	-	1,739,838
Share options lapsed	-	-	(618,553)	618,553	-	-	-
Total transactions with owners	3,726,882	-	(507,773)	(2,056,088)	1,163,021	-	1,163,021
At 30 June 2018	94,841,433	(855,221)	9,947,327	59,772,196	163,705,735	36,032,937	199,738,672



Statements of Changes in Equity (cont'd)

For the financial year ended 30 June 2018

Company	Attributable to Owners of the Company						Total equity
	Share capital	Share premium	Treasury shares	Other reserves	Accumulated losses	Total equity	
Note	RM	RM	RM	RM	RM	RM	RM
At 1 July 2016	78,442,936	10,211,109	(855,221)	12,522,542	(20,362,242)	79,959,124	79,959,124
Total comprehensive income for the financial year	-	-	-	-	11,951,268	11,951,268	11,951,268
Transaction with owners							
Dividends paid on shares	-	-	-	-	(5,214,087)	(5,214,087)	(5,214,087)
Issuance of ordinary shares pursuant to:							
- Exercise of ESOS	1,603,491	857,015	-	(610,806)	-	1,849,700	1,849,700
Share options granted	-	-	-	2,628,619	-	2,628,619	2,628,619
Total transactions with owners	1,603,491	857,015	-	2,017,813	(5,214,087)	(735,768)	(735,768)
Transition to no-par value regime	16	11,068,124	-	(11,068,124)	-	-	-
At 30 June 2017	91,114,551	-	(855,221)	14,540,355	(13,625,061)	91,174,624	91,174,624



Statements of Changes in Equity (cont'd)

For the financial year ended 30 June 2018

	Attributable to Owners of the Company				
	Share capital	Treasury shares	Other reserves	Accumulated Retained earnings/ losses/	Total equity
	RM	RM	RM	RM	RM
Company (continued)					
At 1 July 2017	91,114,551	(855,221)	14,540,355	(13,625,061)	91,174,624
Total comprehensive income for the financial year	-	-	-	21,318,570	21,318,570
Transaction with owners					
Dividends paid on shares	-	-	-	(2,674,641)	(2,674,641)
Issuance of ordinary shares pursuant to:					
- Exercise of ESOS	3,726,882	-	(1,629,058)	-	2,097,824
Share options granted	-	-	1,739,838	-	1,739,838
Share options lapsed	-	-	(618,553)	618,553	-
Total transactions with owners	3,726,882	-	(507,773)	(2,056,088)	1,163,021
At 30 June 2018	94,841,433	(855,221)	14,032,582	5,637,421	113,656,215

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Cash flows from operating activities					
Profit before tax		33,951,033	38,654,717	21,346,376	12,258,938
Adjustments for:					
Amortisation of deferred expenditure		–	2,564	–	–
Depreciation of property, plant and equipment		2,635,963	2,462,537	19,705	20,323
Dividend income		–	–	(3,190,225)	(13,200,000)
Finance costs		409,176	338,564	1,584	224
Finance income		(2,265,576)	(466,037)	(64,391)	(31,932)
Fair value gain on investment properties		(1,732,006)	–	–	–
Gain on disposal of property, plant and equipment		(173,717)	(191,825)	–	–
Reversal of impairment loss on:					
- trade receivables		(639,555)	(3,851,430)	–	–
- other receivables		–	(100,239)	–	–
- investment in subsidiaries		–	–	(19,561,054)	(135,687)
Investment in a subsidiary written off		–	–	–	135,687
Impairment loss on other investment		–	1,661	–	–
Inventories written down		295,197	84,999	–	–
Impairment loss on:					
- trade receivables		1,552,777	187,569	–	–
- other receivables		50,431	–	–	–
Property, plant and equipment written off		2,786	2,306	–	132
Provision for end of service benefit		99,051	140,334	–	–
Provision for short-term accumulating compensated absences		(11,613)	138,832	2,742	–
Reversal of provision for retirement benefit obligation		(16,000)	(2,035,644)	–	–
Share options granted under ESOS		1,739,838	2,628,619	(41,924)	499,448
Unrealised gain/(loss) on foreign exchange		351	(102,369)	–	–
Operating profit/(loss) before changes in working capital, carried forward		35,898,136	37,895,158	(1,487,187)	(452,867)



Statements of Cash Flows (cont'd)

For the financial year ended 30 June 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Cash flows from operating activities (Continued)					
Operating profit/(loss) before changes in working capital, brought forward		35,898,136	37,895,158	(1,487,187)	(452,867)
<i>Changes in working capital:</i>					
Inventories		(1,101,435)	(315,115)	–	–
Trade and other receivables		11,295,022	(25,766,174)	(240,564)	(31,328)
Trade and other payables		(51,641,099)	34,771,721	(4,128,430)	(7,663,254)
Amount due from joint venture		–	352,248	–	–
<hr/>					
Net cash generated (used in)/from operations		(5,549,376)	46,937,838	(5,856,181)	(8,147,449)
Income tax paid		(9,410,334)	(10,067,200)	(144,770)	(310,460)
Interest paid		(409,176)	(338,564)	(1,584)	(224)
Payment for retirement benefit obligation		–	(580,083)	–	–
<hr/>					
Net cash (used in)/from operating activities		(15,368,886)	35,951,991	(6,002,535)	(8,458,133)
<hr/>					
Cash flows from investing activities					
Purchase of property, plant and equipment	(a)	(1,931,508)	(4,994,131)	(25,644)	(5,000)
Proceeds from disposal of property, plant and equipment		173,717	349,347	–	–
Proceeds from disposal of investment in a joint venture		–	816,288	–	–
Advances to subsidiaries		–	–	(1,451,957)	–
Investment in a subsidiary		–	–	–	(2)
Finance income		2,265,576	466,037	64,391	31,932
Dividend received		–	–	8,140,000	3,000,000
Deposits for the acquisition of a subsidiary		(2,000,000)	–	(2,000,000)	–
<hr/>					
Net cash (used in)/from investing activities		(1,492,215)	(3,362,459)	4,726,790	3,026,930



Statements of Cash Flows (cont'd)

For the financial year ended 30 June 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Cash flows from financing activities	(b)				
Advances from subsidiaries		–	–	286,178	5,904,640
Change in pledged deposits		(1,136,217)	(1,083,969)	–	–
Drawdown/(Repayment) of term loans		9,625,825	(15,749)	–	–
Drawdown of trade loan		835,975	–	–	–
Proceeds from exercise of employees' share options		2,097,824	1,849,699	2,097,824	1,849,700
(Repayment)/Drawdown of revolving credits		(2,006,743)	2,006,743	–	–
Payment of finance lease liabilities		(71,438)	(361,521)	–	–
Dividend paid to:					
- Owners of the Company		(2,674,641)	(5,214,087)	(2,674,641)	(5,214,087)
- Non-controlling interests		–	(9,800,000)	–	–
Net cash from/(used in) financing activities		6,670,585	(12,618,884)	(290,639)	2,540,253
Net (decrease)/increase in cash and cash equivalents		(10,190,516)	19,970,648	(1,566,384)	(2,890,950)
Cash and cash equivalents at the beginning of the financial year		62,505,726	40,613,322	1,831,836	4,722,786
Effect of exchange rate changes on cash and cash equivalents		(1,588,982)	1,921,756	–	–
Cash and cash equivalents at the end of the financial year	15	50,726,228	62,505,726	265,452	1,831,836



Statements of Cash Flows (cont'd)

For the financial year ended 30 June 2018

(a) Purchase of property, plant and equipment:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Purchase of property, plant and equipment	2,201,508	7,223,848	25,644	5,000
Financed by way of finance lease arrangements	(270,000)	(2,229,717)	-	-
Cash payments on purchase of property, plant and equipment	1,931,508	4,994,131	25,644	5,000

(b) Reconciliation of liabilities arising from financing activities:

	1 July 2017 RM	Cash flows RM	Non-cash RM	30 June 2018 RM
Term loans	107,900	9,625,825	-	9,733,725
Finance lease liabilities	2,688,048	(71,438)	270,000	2,886,610
Short term revolving credit	2,006,743	(2,006,743)	-	-
Short term trade loan	-	835,975	-	835,975
	4,802,691	8,383,619	270,000	13,456,310

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



NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

AWC Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Third Floor, No. 79 (Room A), Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 20-2, Subang Business Centre, Jalan USJ 9/5T, 47620 UEP Subang Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 8. There have been no significant changes in the nature of these principal activities during the financial year.

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Adoption of amendments/improvements to MFRSs

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

Amendments/Improvements to MFRSs

MFRS 12	Disclosure of Interests in Other Entities
MFRS 107	Statement of Cash Flows
MFRS 112	Income Taxes

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group’s and the Company’s existing accounting policies, except for those as discussed below:

Amendments to MFRS 107 Statement of Cash Flows

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

The Group has applied the amendments prospectively and accordingly, has disclosed the reconciliation in the statements of cash flows.



Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONTINUED)

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

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

	Effective for financial periods beginning on or after
<u>New MFRSs</u>	
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>	
MFRS 1 First-time Adoption of MFRSs	1 January 2018
MFRS 2 Share-based Payment	1 January 2018/ 1 January 2020*
MFRS 3 Business Combinations	1 January 2019/ 1 January 2020*
MFRS 4 Insurance Contracts	1 January 2018
MFRS 6 Exploitation for and Evaluation of Mineral Resources	1 January 2020*
MFRS 9 Financial Instruments	1 January 2019
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 11 Joint Arrangements	1 January 2019
MFRS 14 Regulatory Deferral Accounts	1 January 2020*
MFRS 101 Presentation of Financial Statements	1 January 2020*
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112 Income Taxes	1 January 2019
MFRS 119 Employee Benefits	1 January 2019
MFRS 123 Borrowing Costs	1 January 2019
MFRS 128 Investments in Associates and Joint Ventures	1 January 2018/ 1 January 2019/ Deferred
MFRS 134 Interim Financial Reporting	1 January 2020*
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138 Intangible Assets	1 January 2020*
MFRS 140 Investment Property	1 January 2018
<u>New IC Int</u>	
IC Int 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23 Uncertainty over Income Tax Treatments	1 January 2019
<u>Amendments to IC Int</u>	
IC Int 12 Service Concession Arrangements	1 January 2020*
IC Int 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22 Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132 Intangible Assets – Web Site Costs	1 January 2020*

* Amendments to References to the Conceptual Framework in MFRS Standards



Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONTINUED)

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

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

MFRS 9 Financial Instruments

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

Key requirements of MFRS 9:

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

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

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses which replaces the "incurred loss" model in MFRS 139. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised. Trade receivables and contract assets that do not contain a significant financing component shall always measure the loss allowance at an amount equal to lifetime expected credit losses.
- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.



Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONTINUED)

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

MFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

MFRS 16 Leases

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

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

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises and equipment on the statements of financial position by recognising them as 'right-of-use' assets and their corresponding lease liabilities for the present value of future lease payments.

Amendments to MFRS 2 Share-based Payment

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

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



Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONTINUED)

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

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

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

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

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

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.



Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONTINUED)

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

Amendments to MFRS 128 Investments in Associates and Joint Ventures

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

The amendments also clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture to which the equity method is not applied.

Amendments to MFRS 140 Investment Property

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

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

IC Int 22 Foreign Currency Transactions and Advance Consideration

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

IC Int 23 Uncertainty over Income Tax Treatments

IC Int clarifies that where there is uncertainty over income tax treatments, an entity shall:

- (i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
- (ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised Conceptual Framework for Financial Reporting and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.



Notes to the Financial Statements (cont'd)

2. BASIS OF PREPARATION (CONTINUED)

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

Amendments to References to the Conceptual Framework in MFRS Standards (Continued)

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

2.3.2 The Group is currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int.

2.4 Functional and presentation currency

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

2.5 Basis of measurement

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

2.6 Use of estimates and judgement

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Economic entities and basis of consolidation

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



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Economic entities and basis of consolidation (Continued)

(a) Subsidiaries and business combination

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

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

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

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

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

The accounting policy for goodwill is set out in Note 3.8.

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

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

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

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



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Economic entities and basis of consolidation (Continued)

(a) Subsidiaries and business combination (Continued)

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

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

(b) Non-controlling interests

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

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

(c) Associates

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

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

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

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

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

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



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Economic entities and basis of consolidation (Continued)

(d) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a “joint operation” when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).
- A joint arrangement is classified as “joint venture” when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

(e) Transactions eliminated on consolidation

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

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b).

Contributions to subsidiaries are amounts for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

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

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



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency transactions and operations (Continued)

(a) Translation of foreign currency transactions (Continued)

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

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

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

(b) Translation of foreign operations

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

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

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



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments

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

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

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

(a) Subsequent measurement

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

(i) Financial assets

Financial assets at fair value through profit or loss

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

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

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

Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a). Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

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

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a). Gains and losses are recognised in profit or loss through the amortisation process.



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

(i) Financial assets (Continued)

Available-for-sale financial assets

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

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

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a).

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

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

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

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

Other financial liabilities

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



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

(c) Derecognition

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

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

(d) Offsetting of financial instruments

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

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (other than buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

Freehold buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold buildings does not differ materially from the carrying amount. Any accumulated depreciation as 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.



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment (Continued)

(a) Recognition and measurement (Continued)

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings when the assets are derecognised.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16.

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

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

(b) Subsequent costs

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

(c) Depreciation

All property, plant and equipment are depreciated on a straight-line basis by allocating their depreciable amounts over their remaining useful lives at the following annual rates:

Freehold buildings	2%
Computer equipment and software	10% to 50%
Machinery, equipment and motor vehicles	10% to 50%
Furniture, fittings and office equipment	8% to 20%
Electrical installations and renovation	10% to 33 1/3%

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

(d) Derecognition

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



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases

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

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

(a) Lessee accounting

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

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

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

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

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

(b) Lessor accounting

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

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



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Investment properties

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

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16.

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. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.8 Goodwill on consolidation

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

3.9 Construction costs

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 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.



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Construction costs (Continued)

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

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

3.10 Inventories

Inventories consist of consumables, trading and installation goods.

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Consumables are determined using the first-in first-out basis.
- Trading and installation goods are assigned on a weighted average cost basis.

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

3.11 Cash and cash equivalents

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

3.12 Impairment of assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries, associates and joint ventures) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

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



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

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

Loans and receivables and held-to-maturity investments

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

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

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

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

Available-for-sale financial assets

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

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

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

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



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

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

Unquoted equity instruments carried at cost

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

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from customers for contract work, deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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

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

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



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.14 Provision

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

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

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

3.15 Contingencies

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

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

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

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



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Borrowing Costs

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

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.17 Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes.

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

(a) Construction contracts

Revenue from construction contracts is accounted for by using the stage of completion method as described in Note 3.9. The stage of completion method is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Any expected loss on construction project is recognised as an expense immediately.

(b) Sale of goods

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.

(c) Rendering of services

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

Advances received from customers for services yet to be performed is initially recognised in the statements of financial position at the fair value of the consideration received. Deferred income is subsequently recognised in profit or loss upon rendering of services.



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Revenue and other income (Continued)

(d) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

(e) Dividend income

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

(f) Interest income

Interest income is recognised using the effective interest method.

3.18 Employee benefits

(a) Short term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(c) Defined benefit plans

The Group operates defined benefit pension plans (funded) and provides a post-employment healthcare benefit (unfunded) plan to employees as provided in the employment agreements between the companies in the Group and their employees.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

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

The net interest is calculated by applying the discount to the net balance of the defined benefit obligation and fair value of plan assets.

The Group recognises the following costs in profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Employee benefits (Continued)

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

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

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employees' share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employees' share option reserve is transferred to share capital if new shares are issued.

3.19 Income tax

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

(a) Current tax

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

(b) Deferred tax

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

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



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Income tax (Continued)

(b) Deferred tax (Continued)

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

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

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

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.7, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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

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

(c) Goods and services tax

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

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

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



Notes to the Financial Statements (cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3.21 Operating segments

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

3.22 Fair value measurements

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

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

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

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

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



Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

4.1 Impairment of goodwill on business combination (Note 7)

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

4.2 Impairment of trade receivables (Note 12)

The Group recognises impairment losses for trade receivables using the incurred loss model. At the end of each reporting period, the Group assesses whether there is any objective evidence that the receivables are impaired. Individually significant receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. The actual eventual losses may be different from the impairment made and this may affect the Group's financial position and results.

4.3 Construction revenue and cost of sales (Note 13)

The Group recognises construction revenue and cost of sales in profit or loss using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and cost of sales, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.



Notes to the Financial Statements (cont'd)

5. 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 installation and renovation RM	
2018						
Valuation/Cost						
At 1 July 2017	7,481,107	9,396,334	12,573,255	5,317,051	1,642,774	36,410,521
Additions	-	439,484	1,316,699	158,770	286,555	2,201,508
Revaluation surplus	1,441,388	-	-	-	-	1,441,388
Elimination of accumulated depreciation on revaluation	(1,121,388)	-	-	-	-	(1,121,388)
Disposals	-	-	(1,493,723)	(24,760)	-	(1,518,483)
Written off	-	(86,313)	-	(97,764)	-	(184,077)
Exchange differences	-	(44,832)	(129,915)	(41,549)	(21,200)	(237,496)
At 30 June 2018	7,801,107	9,704,673	12,266,316	5,311,748	1,908,129	36,991,973
Accumulated depreciation						
At 1 July 2017	1,136,276	7,887,006	7,631,336	4,134,154	1,030,082	21,818,854
Depreciation charge for the financial year	114,771	564,813	1,550,131	244,149	162,099	2,635,963
Elimination of accumulated depreciation on revaluation	(1,121,388)	-	-	-	-	(1,121,388)
Disposals	-	-	(1,493,723)	(24,760)	-	(1,518,483)
Written off	-	(86,313)	-	(94,978)	-	(181,291)
Exchange differences	-	(48,292)	(36,397)	(22,176)	(11,675)	(118,540)
At 30 June 2018	129,659	8,317,214	7,651,347	4,236,389	1,180,506	21,515,115
Net carrying amount						
At 30 June 2018	7,671,448	1,387,459	4,614,969	1,075,359	727,623	15,476,858
2017						
Valuation/Cost						
At 1 July 2016	5,531,107	8,863,701	9,689,803	4,939,460	1,334,615	30,358,686
Additions	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)
Exchange 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
Accumulated depreciation						
At 1 July 2016	1,036,740	7,219,785	7,212,787	4,024,673	912,194	20,406,179
Depreciation 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)
Exchange 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
Net carrying amount						
At 30 June 2017	6,344,831	1,509,328	4,941,919	1,182,897	612,692	14,591,667



Notes to the Financial Statements (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Computer equipment and software RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
2018				
Cost				
At 1 July 2017	447,436	62,853	67,745	578,034
Addition	24,644	1,000	–	25,644
At 30 June 2018	472,080	63,853	67,745	603,678
Accumulated depreciation				
At 1 July 2017	411,177	56,016	67,745	534,938
Depreciation charge for the financial year	16,955	2,750	–	19,705
At 30 June 2018	428,132	58,766	67,745	554,643
Net carrying amount				
At 30 June 2018	43,948	5,087	–	49,035
2017				
Cost				
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
Accumulated depreciation				
At 1 July 2016	453,054	69,456	67,745	590,255
Depreciation charge for 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
Net carrying amount				
At 30 June 2017	36,259	6,837	–	43,096



Notes to the Financial Statements (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Revaluation of freehold buildings

The properties were revalued by the directors based on the valuation carried out in June 2018 by an independent firm of professional valuer. The fair value of the freehold buildings of the Group is categorised as Level 2. The fair value was determined by using the market comparable approach that reflects recent transaction prices, adjusted for differences in the nature, location or condition of the buildings. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The most significant input into this valuation approach is price per square foot of comparable properties.

Should the buildings been carried under the cost method, the net carrying amount of the revalued assets at cost less accumulated depreciation would have been RM3,278,611 (2017: RM3,368,154) as at the end of the financial year.

(b) Assets under finance leases

The carrying amount of assets under finance lease arrangements are as follows:

	2018 RM	Group 2017 RM
Motor vehicles	3,736,371	3,576,441

(c) Assets pledged as security

Freehold buildings of the Group with a net carrying amount of RM5,746,383 (2017: RM4,398,396) have been pledged as security to secure term loans of the Group as disclosed in Note 20(a).

Leased assets are pledged as security for the related finance lease liabilities as disclosed in Note 20(b).

6. INVESTMENT PROPERTIES

	2018 RM	Group 2017 RM
At fair value:		
At 1 July	2,778,200	2,778,200
Fair value gain (Note 25)	1,732,006	-
At 30 June	4,510,206	2,778,200

The freehold buildings of the Group have been pledged as security to secure term loans of the Group as disclosed in Note 20(a).



Notes to the Financial Statements (cont'd)

6. INVESTMENT PROPERTIES (CONTINUED)

The following are recognised in profit or loss in respect of investment properties:

	2018 RM	Group 2017 RM
Rental income	267,180	237,600
Direct operating expenses on income generating investment properties	(23,531)	(15,889)

Fair value of investment properties are categorised as follows:

Group	Level 2 RM
2018	
Investment properties	4,510,206
2017	
Investment properties	2,778,200

There are no Level 1 or Level 3 investment properties or transfers between Level 1 and Level 2 during the financial year ended 30 June 2018 or 30 June 2017.

Level 2 fair value

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 most significant input into this valuation approach is price per square foot of comparable buildings.

7. GOODWILL ON BUSINESS COMBINATION

	2018 RM	Group 2017 RM
At 1 July/30 June	28,144,403	28,144,403



Notes to the Financial Statements (cont'd)

7. GOODWILL ON BUSINESS COMBINATION (CONTINUED)**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:

	2018 RM	Group 2017 RM
Environment - SGSB 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
Total	28,144,403	28,144,403

Key assumptions used in value-in-use computations

The recoverable amount for all CGUs has been determined based on value-in-use calculations using pre-tax cash flows projections based on financial budgets estimated by management covering a 3-year period and cash flows beyond the period are extrapolated.

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

	Gross margin	Growth rate	Discount rate
2018			
Environment - SGSB and its subsidiaries	48%	14%	12%
Engineering - QSB and its subsidiary	14%	22%	11%
Engineering - DDT	31%	18%	11%
2017			
Environment - SGSB and its subsidiaries	30%	10%	7%
Engineering - QSB and its subsidiary	19%	10%	7%
Engineering - DDT	33%	10%	7%

(a) 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.

(b) Revenue growth

Revenue growth over the 3-year period is projected based on management's estimation taking into consideration secured orders, anticipated identified future projects/contracts and historical growth rates.

(c) 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)

7. GOODWILL ON BUSINESS COMBINATION (CONTINUED)

(d) 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.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2018 RM	2017 RM
Unquoted shares, at cost		
At 1 July	127,110,005	127,245,690
Additions	–	2
Disposal	–	(135,687)
	127,110,005	127,110,005
ESOS granted to employees of subsidiaries	1,739,838	–
Less: Allowance for impairment losses	(19,706,234)	(39,267,288)
At 30 June	109,143,609	87,842,717

The movement in the impairment of investment in subsidiaries is as follows:

	Company	
	2018 RM	2017 RM
At 1 July	(39,267,288)	(39,402,975)
Reversal of impairment loss (Note 25)	19,561,054	135,687
At 30 June	(19,706,234)	(39,267,288)

The reversal of impairment was recognised during the financial year in view of the financial position and performance of the relevant subsidiaries.



Notes to the Financial Statements (cont'd)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2018 %	2017 %	
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	100	Trading of Pureti and Vital Oxide products
* Stream Group Sdn. Bhd. ("SGSB")	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. ("QSB")	Malaysia	100	100	Mechanical and electrical engineering works
DD Techniche Sdn. Bhd. ("DDT")	Malaysia	100	100	Contracting for mechanical engineering works and tradings of specialised water tanks and rainwater harvesting products



Notes to the Financial Statements (cont'd)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of company	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2018 %	2017 %	
Subsidiary of SGSB:				
* Stream Industries Sdn. Bhd. ("SISB")	Malaysia	51	51	Environmental engineering and general trading
* Stream Environment (S) Pte. Ltd. ("SEPL")	Singapore	51	51	Importers, dealers and contractors of industrial and domestic cleaning equipment and appliances
* Stream Environment Sdn. Bhd. ("SESB")	Malaysia	51	51	Environmental engineering and general trading
* Stream Automated Waste W.L.L ("SAW") @	Qatar	24.99	24.99	Pipeline networks, trading of pipes and tubes trading of equipments and decoration of accessories
Subsidiary of QSB:				
Qudotech (JB) Sdn. Bhd. ("QJB")	Malaysia	100	100	Mechanical and electrical engineering works
Subsidiary of M&C(M):				
* M & C Engineering and Trading (S) Pte. Ltd. ("M&C(S)")	Singapore	100	100	Air-conditioning and building automation
Subsidiary of AWSB:				
AWC Rail Sdn. Bhd. ("AWCR")	Malaysia	100	100	Manufacture of railway locomotives and rolling stock

* Audited by auditors other than Baker Tilly Monteiro Heng.

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



Notes to the Financial Statements (cont'd)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Non-controlling interest in subsidiaries

Non-controlling interest effective ownership interest and voting interest are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest	
		2018 %	2017 %
AWC Facilities Engineering Sdn. Bhd. ("AFESB")	Malaysia	25	25
Stream Group Sdn. Bhd. and its subsidiaries ("SGSB Group")	Malaysia	49	49

The financial information of the Group's subsidiaries that have material non-controlling interests are as follows:

Carrying amount of material non-controlling interests:

Name of company	2018 RM	2017 RM
AWC Facilities Engineering Sdn. Bhd. ("AFESB")	(601,915)	(599,589)
Stream Group Sdn. Bhd. and its subsidiaries ("SGSB Group")	36,634,852	29,031,100
	36,032,937	28,431,511

Profit or loss allocated to material non-controlling interests:

Name of company	2018 RM	2017 RM
AWC Facilities Engineering Sdn. Bhd. ("AFESB")	(2,326)	(1,916)
Stream Group Sdn. Bhd. and its subsidiaries ("SGSB Group")	5,371,800	8,884,684
	5,369,474	8,882,768



Notes to the Financial Statements (cont'd)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows:

	AWC Facilities Engineering Sdn. Bhd. ("AFESB") RM	Stream Group Sdn. Bhd. and its subsidiaries ("SGSB Group") RM
Summarised statement of financial position as at 30 June 2018		
Non-current assets	–	6,432,124
Current assets	1,159	80,938,552
Current liabilities	(2,408,819)	(9,998,759)
Non-current liabilities	–	(1,688,897)
Net (liabilities)/assets	(2,407,660)	75,683,020

Summarised statement of comprehensive income for the financial year ended 30 June 2018		
Revenue	–	57,861,927
(Loss)/Profit for the financial year	(9,304)	10,786,273
Total comprehensive (loss)/income	(9,304)	9,341,278

Summarised of cash flows information for the financial year ended 30 June 2018		
Cash flows (used in)/from operating activities	(8,804)	8,728,420
Cash flows from investing activities	–	1,140,292
Cash flows from/(used in) financing activities	8,804	(14,348,708)
Net decrease in cash and cash equivalents	–	(4,479,996)



Notes to the Financial Statements (cont'd)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows (Continued):

	AWC Facilities Engineering Sdn. Bhd. ("AFESB") RM	Stream Group Sdn. Bhd. and its subsidiaries ("SGSB Group") RM
Summarised statement of financial position as at 30 June 2017		
Non-current assets	–	6,201,066
Current assets	1,159	92,450,343
Current liabilities	(2,399,515)	(36,943,815)
Non-current liabilities	–	(1,365,851)
Net (liabilities)/assets	(2,398,356)	60,341,743
Summarised statement of comprehensive income for the financial year ended 30 June 2017		
Revenue	–	69,277,893
(Loss)/Profit for the financial year	(7,664)	17,986,519
Total comprehensive (loss)/income	(7,664)	19,090,342
Summarised of cash flows information for the financial year ended 30 June 2017		
Cash flows (used in)/from operating activities	(3)	12,607,461
Cash flows used in investing activities	–	(3,518,201)
Cash flows used in financing activities	–	(243,208)
Net (decrease)/increase in cash and cash equivalents	(3)	8,846,052



Notes to the Financial Statements (cont'd)

9. OTHER INVESTMENTS

	2018 RM	Group 2017 RM
Unquoted shares, at cost		
At 1 July	1,328,684	1,328,684
Less: Allowances for impairment loss	(1,328,684)	(1,328,684)
At 30 June	-	-

The reconciliation of the movement of impairment of other investments is as follow:

	2018 RM	Group 2017 RM
At 1 July	1,328,684	1,327,023
Charge for the financial year (Note 25)	-	1,661
At 30 June	1,328,684	1,328,684

10. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets/(liabilities) relates to the following:

Group	At 1 July 2016 RM	Recognised in profit or loss RM	Exchange differences RM	At 30 June 2017 RM	Recognised in equity RM	Recognised in profit or loss RM	Exchange differences RM	At 30 June 2018 RM
Deferred tax assets								
Impairment loss on receivables	485	-	-	485	-	-	-	485
Payables	1,225,548	77,479	-	1,303,027	-	2,312,834	-	3,615,861
Others	(262,813)	1,205	-	(261,608)	-	-	(104)	(261,712)
	963,220	78,684	-	1,041,904	-	2,312,834	(104)	3,354,634
Deferred tax liabilities								
Property, plant and equipment	(279,006)	(30,901)	(955)	(310,862)	(345,934)	-	-	(656,796)
Others	112,592	(77,478)	-	35,114	-	-	-	35,114
	(166,414)	(108,379)	(955)	(275,748)	(345,934)	-	-	(621,682)
	796,806	(29,695)	(955)	766,156	(345,934)	2,312,834	(104)	2,732,952



Notes to the Financial Statements (cont'd)

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

	2018 RM	Group 2017 RM
Presented after appropriate offsetting as follows:		
Deferred tax assets	3,354,634	1,041,904
Deferred tax liabilities	(621,682)	(275,748)
	2,732,952	766,156

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2018 RM	Group 2017 RM
Unutilised tax losses	2,393,921	1,599,858
Others	–	6,675,725
	2,393,921	8,275,583

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

11. INVENTORIES

	2018 RM	Group 2017 RM
At cost:		
Consumers	1,302,331	903,961
Trading and installation goods	17,553,404	17,145,536
	18,855,735	18,049,497

- (a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in the Group amounting to RM16,271,266 (2017: RM21,637,048).
- (b) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year in respect of written-down of inventories to net realisable value amounted RM295,197 (2017: RM84,999).



Notes to the Financial Statements (cont'd)

12. TRADE AND OTHER RECEIVABLES

	Note	2018 RM	Group 2017 RM	Company 2018 RM	2017 RM
Trade					
Trade receivables	(a)				
- billed		74,823,799	89,678,938	-	-
- unbilled		6,787,977	10,659,537	-	-
Retention sum on contracts		5,421,238	5,791,879	-	-
		87,033,014	106,130,354	-	-
Less: Allowance for impairment loss		(4,827,904)	(3,914,682)	-	-
		82,205,110	102,215,672	-	-
Non-trade					
Other receivables		4,672,735	8,371,433	357,632	117,836
Dividend receivables		-	-	5,250,225	10,200,000
Staff loans		254,279	395,118	-	-
GST refundable		153,169	10,895	9,733	-
Deposits	(b)	3,449,079	1,534,806	2,000,000	1,620
Prepayments		1,265,344	867,849	5,727	13,072
		9,794,606	11,180,101	7,623,317	10,332,528
Less: Allowance for impairment loss		(92,715)	(42,284)	-	-
		9,701,891	11,137,817	7,623,317	10,332,528
Total trade and other receivables		91,907,001	113,353,489	7,623,317	10,332,528



Notes to the Financial Statements (cont'd)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 to 90 days. (2017: 30 to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

The Group maintain an ageing analysis in respect of trade receivables only. The ageing analysis of the Group's trade receivable are as follows:

	2018 RM	Group 2017 RM
Neither past due nor impaired	50,176,280	67,478,031
Past due but not impaired		
1 to 90 days past due but not impaired	21,255,517	21,428,992
91 to 180 days past due but not impaired	4,692,300	3,952,140
181 to 365 days past due but not impaired	6,081,013	9,356,509
	32,028,830	34,737,641
Impaired individually	4,827,904	3,914,682
	87,033,014	106,130,354

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

The directors are of the opinion that no impairment is required based on past experience and the likelihood of recoverability of these receivables.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:

	2018 RM	Group 2017 RM
At 1 July	3,914,682	7,578,543
Charge for the financial year (Note 25)	1,552,777	187,569
Reversal of impairment loss (Note 25)	(639,555)	(3,851,430)
At 30 June	4,827,904	3,914,682

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.



Notes to the Financial Statements (cont'd)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Deposits

Included in deposits of the Group and the Company is an amount of RM2,000,000 (2017: RM Nil) arising from part payment for the acquisition of shares in Trackwork & Supplies Sdn. Bhd. as disclosed in Note 35.

13. AMOUNT DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	2018 RM	Group 2017 RM
Aggregate construction costs incurred to date	348,944,172	238,717,512
Attributable profits	151,204,463	106,015,824
	500,148,635	344,733,336
Less: progress billings	(446,351,218)	(307,978,452)
	53,797,417	36,754,884
Represented by gross amounts:		
- due from customers on contracts	54,556,142	43,368,329
- due to customers on contracts	(758,725)	(6,613,445)
	53,797,417	36,754,884

Contract revenue and costs recognised during the financial year are as follows:

	2018 RM	Group 2017 RM
Contract revenue	149,541,089	127,846,875
Contract costs	117,907,565	82,392,649

14. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	2018 RM	Company 2017 RM
Amount due from subsidiaries	3,661,662	2,209,705
Less: Allowance for impairment loss	(121,428)	(121,428)
	3,540,234	2,088,277
Amount due to subsidiaries	(6,594,941)	(6,308,763)

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, interest-free, repayable on demand and is expected to be settled in cash.



Notes to the Financial Statements (cont'd)

15. CASH AND SHORT TERM DEPOSITS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances	23,154,910	45,601,565	265,452	1,831,836
Short-term deposits	33,893,030	22,089,656	–	–
	57,047,940	67,691,221	265,452	1,831,836

For the purpose of the statements of cash flows, cash and cash equivalents comprise other following:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Short-term deposits	33,893,030	22,089,656	–	–
Less: Pledged deposits	(6,321,712)	(5,185,495)	–	–
	27,571,318	16,904,161	–	–
Cash and bank balances	23,154,910	45,601,565	265,452	1,831,836
	50,726,228	62,505,726	265,452	1,831,836

The interest rate and maturity period of deposits are as follows:

	Group	
	2018 RM	2017 RM
Interest rate per annum(%)	0.54% to 3.50%	0.54% to 3.30%
Maturity period (days)	1 day to 3 months	1 day to 3 months

Included in deposits placed with licensed banks of the Group is an amount of RM6,321,712 (2017: RM5,185,495) which have been pledged to banks for credit facilities granted to certain subsidiaries as disclosed in Note 20(a).



Notes to the Financial Statements (cont'd)

16. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2018 Unit	2017 Unit	2018 RM	2017 RM
Issued and fully paid up:				
At 1 July	266,657,422	261,476,452	91,114,551	78,442,936
Share options exercised	6,117,672	5,180,970	3,726,882	1,603,491
Transition to no par value regime	–	–	–	11,068,124
	272,775,094	266,657,422	94,841,433	91,114,551

The new Companies Act 2016 in Malaysia (“the Act”) which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital.

Pursuant to the transaction set out in Section 618(2) of the Act, on 31 January 2017, the amount standing the credit of the share premium account becomes part of the Company’s share capital. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account amounting to RM11,068,124 for the purposes as set out in Section 618(3) of the Act.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one voter per share at meetings of the Company. All ordinary shares rank equally with regard to the Company’s residual assets.

During the financial year, the Company issued 6,117,672 new ordinary shares for cash pursuant to the Company’s Employee’s Share Option Scheme (“ESOS”) at exercise prices between RM0.336 to RM0.423 per ordinary share.

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

17. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. Pursuant to Section 618(2) of the Act, the sum of RM11,068,124 standing to the credit of the Company’s share premium account has been transferred and became part of the Company’s share capital as disclosed in Note 16.



Notes to the Financial Statements (cont'd)

18. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

As at 30 June 2018, the Company held as treasury shares at a carrying amount of RM855,221 (2017: RM855,221).

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

19. OTHER RESERVES

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Merger relief	(a)	–	–	12,522,542	12,522,542
Translation reserve	(b)	4,413,700	5,871,552	–	–
Revaluation reserve	(c)	4,023,587	2,928,133	–	–
Share option reserve	(d)	1,510,040	2,017,813	1,510,040	2,017,813
		9,947,327	10,817,498	14,032,582	14,540,355

(a) Merger relief

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

(b) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Revaluation reserve

The revaluation reserve is used to record revaluation surplus from freehold buildings in plant and equipment properties, net of deferred tax. In the event of sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.



Notes to the Financial Statements (cont'd)

19. OTHER RESERVES (CONTINUED)

(d) Share option reserve

The share option reserve comprises the cumulative value of eligible directors and employee services received for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

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)

19. OTHER RESERVES (CONTINUED)

(d) Share option reserve (Continued)

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movement in, share options:

	Number 2018 RM	WAEP 2018 RM	Number 2017 RM	WAEP 2017 RM
Group and Company				
At 1 July	19,976,600	0.355	29,151,100	0.353
Granted	5,847,000	0.723	–	–
Exercised	(5,953,672)	0.352	(7,484,300)	0.347
Lapsed	(2,001,920)	0.366	(1,690,200)	0.340
At 30 June	17,868,008	0.477	19,976,600	0.356
Exercisable at the end of the financial year	5,944,320	0.477	5,830,220	0.353

The options outstanding at 30 June 2018 have exercise price ranges from RM0.336 to RM0.728 (2017: RM0.336 to RM0.423) and the weighted average remaining contractual life for the share options outstanding at 2018 was approximately 2.5 years (2017: 3.5 years).

The fair value of the share options granted during the financial year was determined using a binomial option pricing model, and the inputs were:

	Third grant	Fourth grant
Share price (RM)	0.81	0.78
Exercise price (RM)	0.72	0.73
Expected volatility (%)	31.43	31.38
Risk-free interest rate (%)	3.39	3.41
Expected dividend yield (%)	2.47	2.56
Expected option life (years)	2.62	2.55

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.



Notes to the Financial Statements (cont'd)

20. LOANS AND BORROWINGS

	Note	2018 RM	Group 2017 RM
Non-current:			
Term loans	(a)	8,749,506	91,865
Finance lease liabilities	(b)	2,084,064	2,055,213
		10,833,570	2,147,078
Current:			
Term loans	(a)	984,219	16,035
Finance lease liabilities	(b)	802,546	632,835
Revolving credits	(c)	–	2,006,743
Trade loan	(c)	835,975	–
		2,622,740	2,655,613
Total loans and borrowings:			
Term loans	(a)	9,733,725	107,900
Finance lease liabilities	(b)	2,886,610	2,688,048
Revolving credits	(c)	–	2,006,743
Trade loan	(c)	835,975	–
		13,456,310	4,802,691

(a) Term loans

Term loans bear interest at rate ranging from 5.03% to 8.42% (2017: 8.42%) per annum and are secured and supported as follows:

- (i) legal Deed of Assignment of contract proceeds from certain projects awarded to subsidiaries by the Federal Government (represented by the Ministry of Works);
- (ii) legal charges over the freehold buildings of the Group as disclosed in Note 5 and Note 6 respectively;
- (iii) lien on the deposits with licensed banks and the accumulation of interest thereon as disclosed in Note 15; and
- (iv) corporate guarantee by the Company.



Notes to the Financial Statements (cont'd)

20. LOANS AND BORROWINGS (CONTINUED)

(b) Finance lease liabilities

Finance lease liabilities bear interest at rates ranging from 2.34% to 4.20% (2017: 3.20% to 4.20%) per annum.

Future minimum lease payments under finance leases together with the present value of minimum lease payments are as follows:

	2018 RM	Group	2017 RM
Minimum lease payments:			
Not later than one year	923,306		695,051
Later than one year but not later than five years	2,247,212		2,296,119
	3,170,518		2,991,170
Less: Future finance charges	(283,908)		(303,122)
Present value of finance lease payments	2,886,610		2,688,048
Present value of minimum lease payments payable:			
Not later than one year	802,546		632,835
Later than one year but not later than five years	2,084,064		2,055,213
	2,886,610		2,688,048
Less: Amount due within 12 months	(802,546)		(632,835)
Amount due after 12 months	2,084,064		2,055,213

(c) Revolving credits and trade loan

Revolving credits and trade loan bear interest at rates ranging from 3.00% to 7.25% (2017: 5.35%) per annum and are secured and supported as follows:

- (i) legal charge over the investment properties of a subsidiary; and
- (ii) corporate guarantee by the Company.



Notes to the Financial Statements (cont'd)

21. TRADE AND OTHER PAYABLES

	Note	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Non current:					
Non-trade					
Provision for retirement benefit obligation	(a)	352,508	368,508	–	–
		352,508	368,508	–	–
Current:					
Trade					
Trade payables	(b)	34,745,284	36,676,624	–	–
Project accruals		5,242,987	35,783,185	–	–
		39,988,271	72,459,809	–	–
Non-trade					
Other payables		5,981,710	6,064,312	35,075	3,935,027
Dividend payable to non-controlling interests		–	9,800,000	–	–
GST payable		303,555	137,687	–	–
Deferred income		9,015,844	5,019,424	–	–
Accruals		5,065,693	15,153,624	540,416	808,076
		20,366,802	36,175,047	575,491	4,743,103
		60,355,073	108,634,856	575,491	4,743,103
Total trade and other payables (non-current and current)		60,707,581	109,003,364	575,491	4,743,103

(a) 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 attainment of the retirement age of 55, without cessation of employment prior to age 55.

(b) Trade payables are non-interest bearing and are normally with credit period ranging from 30 to 90 days (2017: 30 to 90 days).



Notes to the Financial Statements (cont'd)

22. PROVISION FOR END OF SERVICE BENEFIT

	2018 RM	Group 2017 RM
At 1 July	487,376	347,042
Recognised in profit or loss (Note 25)	99,051	140,334
At 30 June	586,427	487,376

23. REVENUE

	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Construction contracts	149,541,089	127,846,875	-	-
Sale of goods	19,373,659	39,028,901	-	-
Rendering of services	135,063,145	129,619,855	-	-
Dividend income	-	-	3,190,225	13,200,000
Management fees	-	-	1,500,000	1,500,000
	303,977,893	296,495,631	4,690,225	14,700,000

24. FINANCE INCOME, NET

	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Interest expense on:				
- Term loans	238,743	256,972	-	-
- Finance lease liabilities	150,206	89,754	-	-
- Revolving credits and trade loan	20,227	41,838	1,584	224
	409,176	388,564	1,584	224
Interest income	(2,265,576)	(466,037)	(64,391)	(31,932)
Finance Income, net	(1,856,400)	(77,473)	(62,807)	(31,708)



Notes to the Financial Statements (cont'd)

25. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Amortisation of deferred expenditure	–	2,564	–	–
Auditors' remuneration: statutory audit:				
- current year	408,549	316,443	73,000	70,000
- prior year	235	21,120	–	10,953
- other services	10,000	–	10,000	–
Depreciation of property, plant and equipment	2,635,963	2,462,537	19,705	20,323
Directors' fees	391,500	667,600	149,500	115,600
Employee benefits expense (Note 26)	65,710,294	65,140,063	1,728,727	1,485,528
Foreign exchange (gain)/loss				
- realised	(211,501)	(579,371)	–	–
- unrealised	351	(102,369)	–	–
Fair value gain on investment properties	(1,732,006)	–	–	–
Gain on disposal of property, plant and equipment	(173,717)	(191,825)	–	–
Reversal of impairment loss on:				
- trade receivables	(639,555)	(3,851,430)	–	–
- other receivables	–	(100,239)	–	–
- investment in subsidiaries	–	–	(19,561,054)	(135,687)
Investment in a subsidiary written off	–	–	–	135,687
Impairment loss on other investment	–	1,661	–	–
Impairment loss on:				
- trade receivables	1,552,777	187,569	–	–
- other receivables	50,431	–	–	–
Inventories written down to net realisable value	295,197	84,999	–	–
Property, plant and equipment written off	2,786	2,306	–	132
Provision for end of service benefit	99,051	140,334	–	–
Provision for retirement benefit obligation	–	311,632	–	–
Reversal of provision for retirement benefit obligation	(16,000)	(2,347,276)	–	–
Provision for short-term accumulating compensated absences	(11,613)	138,832	2,742	–
Rental expenses for:				
- premises	1,365,882	2,182,298	42,000	42,000
- motor vehicles	74,022	18,756	–	–
Rental income from investment properties	(267,180)	(237,600)	–	–



Notes to the Financial Statements (cont'd)

26. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, wages, bonus and allowances	55,128,233	51,288,956	1,510,592	880,734
Defined contribution plan	5,973,081	5,706,737	86,220	72,738
Social security costs	624,619	529,270	2,705	2,417
Employees' share option scheme	1,739,838	2,628,619	(41,924)	499,448
Other staff related expenses	2,244,523	4,986,481	171,134	30,191
	65,710,294	65,140,063	1,728,727	1,485,528
Included in employee benefits expenses are:				
Director's other emoluments	9,016,143	8,374,604	149,500	115,600

Remuneration in the form of benefits-in-kind for the Executive Director of the Group for the financial year amounted to RM82,944 (2017: RM85,335).

27. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 30 June 2018 and 30 June 2017 are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current tax:				
Current financial year	7,506,173	8,174,268	27,806	307,670
Under/(Over) provision in prior financial years	1,729,321	(450,876)	–	–
	9,235,494	7,723,392	27,806	307,670
Deferred tax:				
Reversal/(Origination) of temporary differences	90,078	(1,205)	–	–
(Over)/Under provision in prior financial years	(2,402,912)	30,900	–	–
	(2,312,834)	29,695	–	–
	6,922,660	7,753,087	27,806	307,670

Domestic income tax is calculated at Malaysian statutory income tax rate of 24% (2017: 24%) of the estimated assessable profit for the financial year.



Notes to the Financial Statements (cont'd)

27. INCOME TAX EXPENSE (CONTINUED)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense is as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before tax	33,951,033	38,654,717	21,346,376	12,258,938
Tax at Malaysian statutory income tax rate of 24% (2017: 24%)	8,148,248	9,277,132	5,123,130	2,942,145
Different tax rates in other countries	(194,151)	(1,024,000)	–	–
Tax effects arising from:				
- non-taxable income	(4,692,858)	(5,481,838)	(5,694,652)	(3,168,000)
- non-deductible expenses	5,186,150	6,787,810	599,328	533,525
Income exempted under pioneer status	–	(80,108)	–	–
Enhanced deductions	–	(74,785)	–	–
Income tax rebate	(49,894)	(54,266)	–	–
Tax effect of partial tax exemption	(151,067)	(78,825)	–	–
Tax effect of lower tax rate	(384,311)	–	–	–
Deferred tax assets not recognised	(265,866)	(1,098,057)	–	–
Under/(over) provision in prior years				
- current tax	1,729,321	(450,876)	–	–
- deferred tax	(2,402,912)	30,900	–	–
Income tax expense	6,922,660	7,753,087	27,806	307,670



Notes to the Financial Statements (cont'd)

28. EARNINGS PER SHARE**Basic earnings per ordinary share**

Basic earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding (net of treasury shares) during the financial year, calculated as follows:

	2018 RM	2017 RM
Profit for the financial year attributable to owners of the Company	21,658,899	22,018,862
Weighted average number of ordinary shares for basic earnings per share	267,564,282	263,727,460
Basic earnings per ordinary share	8.09	8.35

Diluted earnings per ordinary share

Diluted earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary share outstanding (net of treasury shares) during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	2018 RM	2017 RM
Profit for the financial year attributable to owners of the Company	21,658,899	22,018,862
Weighted average number of ordinary shares for basic earnings per share	267,564,282	263,727,460
Effect of dilution from: - Share options	7,168,245	13,484,861
Weighted average number of ordinary shares for diluted earnings per share	274,732,527	277,212,321
Diluted earnings per ordinary share	7.88	7.94

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements other than:

- (a) the Employee's Share Options Scheme over 900,000 ordinary shares granted to certain directors on 26 September 2018;
- (b) the issuance of 11,500,000 ordinary shares pursuant to the acquisition of Trackwork & Supplies Sdn. Bhd. as disclosed in Note 35; and
- (c) the issuance of 448,636 ordinary shares pursuant to the exercise of ESOS.



Notes to the Financial Statements (cont'd)

29. DIVIDENDS

	Group / Company	
	2018	2017
	RM	RM
Dividend in respect of the financial year ended 30 June 2016		
Final single tier dividend of 1.0 sen on 259,960,422 ordinary shares	–	2,599,604
Dividend in respect of the financial year ended 30 June 2017		
Interim single tier dividend of 1.0 sen on 261,448,272 ordinary shares	–	2,614,483
Final single tier dividend of 1.0 sen on 267,464,100 ordinary shares	2,674,641	–
	2,674,641	5,214,087

At the forthcoming Annual General Meeting, a single tier final dividend of 0.5 sen per ordinary share, amounting to RM1,347,241 based on the number of outstanding ordinary shares in issue (net of treasury shares) as at 30 June 2018, in respect of the current financial year, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2019.



Notes to the Financial Statements (cont'd)

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

	Loans and receivables RM	Other financial liabilities RM	Total RM
2018			
Financial assets			
Group			
Trade and other receivables *	88,488,488	–	88,488,488
Cash and short-term deposits	57,047,940	–	57,047,940
	145,536,428	–	145,536,428
Company			
Trade and other receivables *	5,607,857	–	5,607,857
Amount due from subsidiaries	3,540,234	–	3,540,234
Cash and short-term deposits	265,452	–	265,452
	9,413,543	–	9,413,543
2018			
Financial liabilities			
Group			
Loans and borrowings	–	13,456,310	13,456,310
Trade and other payables #	–	51,035,674	51,035,674
	–	64,491,984	64,491,984
Company			
Trade and other payables #	–	575,491	575,491
Amount due to subsidiaries	–	6,594,941	6,594,941
	–	7,170,432	7,170,432



Notes to the Financial Statements (cont'd)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned (Continued):

	Loans and receivables RM	Other financial liabilities RM	Total RM
2017			
Financial assets			
Group			
Trade and other receivables *	112,474,745	–	112,474,745
Cash and short-term deposits	67,691,221	–	67,691,221
	180,165,966	–	180,165,966
Company			
Trade and other receivables *	10,319,456	–	10,319,456
Amount due from subsidiaries	2,088,277	–	2,088,277
Cash and short-term deposits	1,831,836	–	1,831,836
	14,239,569	–	14,239,569
2017			
Financial liabilities			
Group			
Loans and borrowings	–	4,802,691	4,802,691
Trade and other payables #	–	103,477,745	103,477,745
	–	108,280,436	108,280,436
Company			
Trade and other payables #	–	4,743,103	4,743,103
Amount due to subsidiaries	–	6,308,763	6,308,763
	–	11,051,866	11,051,866

* Exclude GST refundable, deposit for acquisition of Trackwork & Supplies Sdn. Bhd. and prepayments

Exclude deferred income, GST payable and provision



Notes to the Financial Statements (cont'd)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The Group and the Company seek to manage effectively the various risks namely credit risk, liquidity risk, foreign currency risk and interest rate risk, to which the Group and the Company are exposed to in their daily operations. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders.

The Board of Directors review and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Trade and other receivables

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

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

The carrying amount of trade and other receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 12. Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. A significant portion of these trade receivables are regular customers that have been transacting with the Group. Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. Impairment is made on specific receivables when there is objective evidence that the Group will not be able to collect all amounts due.

The Company monitors the results of the subsidiaries in determining the recoverability of these intercompany balances.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM10,569,700 (2017: RM2,114,643) representing the maximum amount the Company could pay if the guarantee is called on. As at the reporting date, there was no indication that the subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the financial guarantee did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the security pledged by the subsidiaries and it is unlikely the subsidiaries will default within the guarantee period.



Notes to the Financial Statements (cont'd)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, and loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by facilities. The Group and the Company manage their operating cash flows by maintaining sufficient level of cash to meet their working capital requirements and availability of funding through an adequate amount of credit facilities.

Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities by their relevant maturity at the end of the reporting period based on contractual undiscounted repayment obligations are as follows:

	<u>Contractual cash flows</u>			Total RM
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	
Group				
2018				
Trade and other payables	51,035,674	51,035,674	–	51,035,674
Term loans	9,733,725	984,219	8,988,249	9,972,468
Finance lease liabilities	2,886,610	923,306	2,247,226	3,170,532
Trade loan	835,975	835,975	–	835,975
	64,491,984	53,791,174	11,235,475	65,014,649
2017				
Trade and other payables	103,477,745	103,477,745	–	103,477,745
Term loans	107,900	17,141	98,199	115,340
Finance lease liabilities	2,688,048	695,051	2,296,119	2,991,170
Revolving credits	2,006,743	2,112,097	–	2,112,097
	108,280,436	106,302,034	2,394,318	108,696,352



Notes to the Financial Statements (cont'd)

30. FINANCIAL INSTRUMENTS (CONTINUED)**(b) Financial risk management (Continued)****(ii) Liquidity risk (Continued)**Maturity analysis (Continued)

The maturity profile of the Group's and the Company's financial liabilities by their relevant maturity at the end of the reporting period based on contractual undiscounted repayment obligations are as follows (Continued):

	Contractual cash flows			Total RM
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	
Company				
2018				
Trade and other payables	575,491	575,491	–	575,491
Amount due to subsidiaries	6,594,941	6,594,941	–	6,594,941
Financial guarantee contracts	–	10,569,700	–	10,569,700
	7,170,432	17,740,132	–	17,740,132
2017				
Trade and other payables	4,743,103	4,743,103	–	4,743,103
Amount due to subsidiaries	6,308,763	6,308,763	–	6,308,763
Financial guarantee contracts	–	2,114,693	–	2,114,643
	11,051,866	13,165,509	–	13,165,509

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales and purchases that are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Management has set up a policy that requires all companies within the Group and the Company to manage their treasury activities and exposures. In addition, the Group and the Company also takes advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.



Notes to the Financial Statements (cont'd)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued) (iii) Foreign currency risk (Continued)

The Group's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

Group 2018	SGD RM	USD RM	AED RM	QAR RM	HKD RM	EURO RM	SEK RM	MYR RM	Total RM
Financial assets									
Trade and other receivables	16,834,984	-	5,853,345	-	-	-	-	65,800,159	88,488,488
Cash and short-term deposits	8,327,059	10,816	2,428,208	227,034	-	-	-	46,054,823	57,047,940
	25,162,043	10,816	8,281,553	227,034	-	-	-	111,854,982	145,536,428
Financial liabilities									
Trade and other payables	4,271,873	317,371	25,991	94,659	-	2,137,602	2,562,148	41,626,030	51,035,674
Term loans	-	-	-	-	-	-	-	9,733,725	9,733,725
Finance lease liabilities	937,377	-	-	-	-	-	-	1,949,233	2,886,610
Trade loan	835,975	-	-	-	-	-	-	-	835,975
	6,045,225	317,371	25,991	94,659	-	2,137,602	2,562,148	53,308,988	64,491,984
Net financial assets/ (liabilities)	19,116,818	(306,555)	8,255,562	132,375	-	(2,137,602)	(2,562,148)	58,545,994	81,044,444
Less: Net financial assets denominated in the entity's functional currency	(19,116,818)	-	(8,255,562)	(132,375)	-	-	-	(58,545,994)	(86,050,749)
Currency exposure	-	(306,555)	-	-	-	(2,137,602)	(2,562,148)	-	(5,006,305)



Notes to the Financial Statements (cont'd)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued) (iii) Foreign currency risk (Continued)

The Group's unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows (Continued):

Group 2017	SGD RM	USD RM	AED RM	QAR RM	HKD RM	EURO RM	SEK RM	MYR RM	Total RM
Financial assets									
Trade and other receivables	11,706,870	-	9,685,223	3,525,914	6,444,987	-	-	81,111,751	112,474,745
Cash and short term deposits	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	-	-	130,379,323	180,165,966
Financial liabilities									
Trade and other payables	6,640,535	157,042	863,685	1,025,846	15,681	3,370,087	1,512,788	89,892,081	103,477,745
Term loans	-	-	-	-	-	-	-	107,900	107,900
Finance lease liabilities	847,360	-	-	-	-	-	-	1,840,688	2,688,048
Revolving credit	-	-	-	-	-	-	-	2,006,743	2,006,743
	7,487,895	157,042	863,685	1,025,846	15,681	3,370,087	1,512,788	93,847,412	108,280,436
Net financial assets/ (liabilities)	16,772,730	633,117	11,342,802	4,019,718	7,468,127	(3,370,087)	(1,512,788)	36,531,911	71,885,530
Less: Net financial assets denominated in the entity's functional currency	(16,772,730)	-	(11,342,802)	(4,019,718)	(7,468,127)	-	-	(36,531,911)	(76,135,288)
Currency exposure	-	633,117	-	-	-	(3,370,087)	(1,512,788)	-	(4,249,758)

Notes to the Financial Statements (cont'd)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to USD, EURO and SEK.

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

	Change in rate %	Effect on profit for the financial year RM	Effect on equity RM
2018			
- USD	+5%	(11,649)	(11,649)
	-5%	11,649	11,649
- EURO	+5%	(81,229)	(81,229)
	-5%	81,229	81,229
- SEK	+5%	(97,362)	(97,362)
	-5%	97,362	97,362
2017			
- USD	+5%	24,058	24,058
	-5%	(24,058)	(24,058)
- EURO	+5%	(128,063)	(128,063)
	-5%	128,063	128,063
- SEK	+5%	(57,486)	(57,486)
	-5%	57,486	57,486

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings with floating interest rates amounting to RM10,569,700 (2017: RM2,114,643).

Sensitivity analysis for interest rate risk

If the interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year and equity would decrease/increase by RM40,165 (2017: RM8,036) as a result of exposure to floating rate borrowings.



Notes to the Financial Statements (cont'd)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement

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

The carrying amount of long term floating rate loans are reasonable approximation of fair value as the loans will be re-priced to market interest rate on or near reporting date.

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

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

There have been no transfers between Level 1 and Level 2 during the financial year (2017: no transfer in either directions).

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

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Group	Carrying amount RM	Fair value of financial instruments not carried at fair value			Total RM
		Level 1 RM	Level 2 RM	Level 3 RM	
2018					
Financial liabilities					
Finance lease liabilities	2,886,610	–	2,978,013	–	2,978,013
2017					
Financial liabilities					
Finance lease liabilities	2,688,048	–	2,773,164	–	2,773,164



Notes to the Financial Statements (cont'd)

31. OPERATING LEASE COMMITMENTS - AS LESSEE

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	2018 RM	Group 2017 RM
Not later than one year	1,333,279	2,232,102
More than one year and not later than five years	1,575,938	4,153,076
More than five years	669,521	2,818,467
	3,578,738	9,203,645

This is in respect of the non-cancellable operating lease arrangements entered into by the Group for the rental of premises for periods of 1 year to 5 years and are renewable upon expiry. The leases do not include any contingent rentals.

32. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Subsidiaries
- (ii) Associates
- (iii) Entities in which directors have substantial financial interests; and
- (iv) Key management personnel of the Group's and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.



Notes to the Financial Statements (cont'd)

32. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Dividend income				
Subsidiaries	–	–	3,190,225	13,200,000
Management fee income				
Subsidiaries	–	–	1,500,000	1,500,000
Rental expenses				
Subsidiaries	–	–	42,000	42,000
Director of a subsidiary	60,000	163,128	–	–
	60,000	163,128	42,000	42,000

(c) Compensation of key management personnel

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors' fees	391,500	667,600	149,500	115,600
Short-term employee benefits	7,755,589	6,701,617	–	–
Post-employment employee benefits	786,110	920,052	–	–
Benefits-in-kind	82,944	85,335	–	–
	9,016,143	8,374,604	149,500	115,600

Directors' interest in Employees' Share Option Scheme

During the financial year, 1,800,000 (2017: Nil) number of share options were exercised by a director of the Company.

At the reporting date, the total number of outstanding share options granted by the Company to certain directors under the ESOS plan amounted to 1,700,000 (2017: 3,500,000).



Notes to the Financial Statements (cont'd)

33. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust their capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 30 June 2018 and 30 June 2017.

The Group and the Company monitor capital using a gearing ratio. The gearing ratio is calculated as total loans and borrowings divided by total equity.

The gearing ratio for the Group and for the Company as at 30 June 2018 and 30 June 2017 are as follows:

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Loans and borrowings	20	13,456,310	4,802,691	–	–
Total loans and borrowings		13,456,310	4,802,691	–	–
Total equity		199,738,672	169,677,724	113,656,215	91,174,624
Gearing ratio		7%	3%	N/M	N/M

N/M – Not meaningful

The Group is required to comply with certain covenants in relation to the borrowings of its subsidiaries. The salient covenants include, amongst others:

- (a) 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 borrowings; and
- (b) The Group is required to maintain a tangible net worth of not less than RM45,000,000 during the tenure of the borrowings.

As at 30 June 2018, the Group has complied with the requirements of the above covenants.

34. COMPARATIVE FIGURES

The financial statements of the Company for the financial year ended 30 June 2017 were audited by another firm of Chartered Accountants.



Notes to the Financial Statements (cont'd)

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

- (a) The Company had on 28 February 2018 entered into the following agreements:
- (i) a conditional share sale agreement (“SSA”) with Goh Poey Hong, Chong Kim Loong, Goh Tse Woei, Kong Keat Voon, Chong Chong Hong, Lim Huey Yih and Shaun Chan Thiam Eng (collectively referred to as the “Sellers”) for the proposed acquisition by AWC of 3,000,000 ordinary shares in Trackwork & Supplies Sdn Bhd (“Trackwork”) (“Trackwork Shares” or “Sale Shares”), representing 60% equity interest therein from the Sellers, for a total purchase consideration of RM43.50 million (“Purchase Consideration”) which will be satisfied through a combination of cash amounting to RM20.00 million (“Cash Consideration”) and the balance RM23.50 million through the issuance of new ordinary shares in AWC (“AWC Shares”) (“Consideration Shares”); and
 - (ii) a shareholders’ agreement with Trakniaga Sdn Bhd (being a shareholder of Trackwork holding 40% equity interest therein) (“Trakniaga”) and Trackwork (“Shareholders’ Agreement”) for the following:-
 - (a) to govern the management and operation of Trackwork between the shareholders of Trackwork upon completion of the Proposed Acquisition;
 - (b) the granting by Trakniaga of a call option for AWC to require Trakniaga to dispose all the remaining Trackwork Shares held by it (“Option Share(s)”) (“Call Option”); and
 - (c) the granting by AWC of a put option for Trakniaga to require AWC to acquire the Option Shares (“Put Option”). (The Call Option and Put Option are collectively referred to as the “Call/Put Options”).

On 5 June 2018, the Sellers of Trackwork have notified the Company that Trackwork and one of its international principals have received a demand letter from a customer claiming that some of the machines supplied by them are defective and is therefore claiming a sum of RM19,002,815.74 comprising, inter-alia, liquidated agreed damages, cost of rental and expenses for replacement machines.

The Company and the Sellers had on 12 June 2018 mutually agreed to a further extension to the cut-off date by three months from 27 June 2018 until 26 September 2018 to satisfy the conditions set out in the SSA.

On 26 July 2018, the Company and the sellers entered into a supplementary share sale agreement (“Supplemental Agreement”) for the purpose of supplementing and amending the provisions in the SSA, subject to and upon the terms and provisions contained in the Supplemental Agreement.

The SSA was unconditional on 25 September 2018 and completed on 9 October 2018. Consequently, Trackwork became a subsidiary of the Company. The initial accounting for the acquisition of Trackwork in the consolidated financial statements of the Company is incomplete at the date of authorisation of these financial statements as the acquisition was only recently completed. As such, the information on the effect arising from the acquisition is not disclosed.

- (b) On 27 September 2018, the Group proposed an issuance of up to 61,628,620 free warrants in AWC on the basis of one (1) free warrant for every five (5) existing ordinary shares in AWC held on an entitlement date to be determined later.



Notes to the Financial Statements (cont'd)

36. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Managing Director and Group's Chief Executive Officer for the purpose of making decisions about resource allocation and performance assessment.

The four reportable operating segments are as follows:

Segments	Products and services
Investment holding	Provide group-level corporate services.
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.
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.
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.



Notes to the Financial Statements (cont'd)

36. SEGMENT INFORMATION (CONTINUED)

(a) Business segments

2018	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Others RM	Note	Adjustment and eliminations RM	Total RM
Revenue:								
External revenue	-	165,770,517	80,342,826	57,861,927	2,623		-	303,977,893
Inter-segment revenue	4,690,225	16,991,482	20,762,960	-	-	(a)	(42,444,667)	-
	4,690,225	182,761,999	101,105,786	57,861,927	2,623		(42,444,667)	303,977,893
Results:								
Results before the following adjustments	21,293,613	18,511,453	5,335,868	12,659,235	(174,080)	(b)	(22,751,282)	34,874,807
Depreciation	(19,705)	(1,059,730)	(597,556)	(955,953)	(3,019)		-	(2,635,963)
Impairment loss on - trade receivables	-	-	(1,552,777)	-	-		-	(1,552,777)
- other receivables	-	(50,431)	-	-	-		-	(50,431)
Other non-cash items	-	1,732,005	(241,683)	(31,325)	-		-	1,458,997
Segment results	21,273,908	19,133,297	2,943,852	11,671,957	(177,099)		(22,751,282)	32,094,633
Net finance income	64,391	363,447	7,764	1,420,798	-		-	1,856,400
Income tax expense	(27,806)	(3,897,614)	(659,437)	(2,337,804)	-		-	(6,922,660)
Profit for the financial year								<u>27,028,373</u>

Notes to the Financial Statements (cont'd)

36. SEGMENT INFORMATION (CONTINUED)

(a) Business segments (Continued)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Note	Adjustment and eliminations RM	Total RM
2017							
Revenue:							
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	-	(a)	(41,542,654)	-
	14,700,000	135,191,217	118,869,175	69,277,893		(41,542,654)	296,495,631
Results:							
Results before the following adjustments	11,867,160	7,121,954	12,835,740	22,206,090	(b)	(12,831,950)	41,201,994
Depreciation and amortisation	(20,323)	(1,242,117)	(475,770)	(726,891)		-	(2,465,101)
Impairment loss on - trade receivables	-	(41,777)	(116,933)	(28,859)		-	(187,569)
Other non-cash items	132	-	(150,794)	178,582		-	27,920
Segment results	11,846,969	5,838,060	12,092,243	21,631,922		(12,831,950)	38,577,244
Net finance income/(costs)	32,136	288,980	(91,261)	(152,382)		-	77,473
Income tax expense	(307,670)	(1,272,008)	(2,670,478)	(3,502,931)		-	(7,753,087)
Profit for the financial year							<u>30,901,630</u>



Notes to the Financial Statements (cont'd)

36. SEGMENT INFORMATION (CONTINUED)

(a) Business segments (Continued)

2018	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Others RM	Note	Adjustment and eliminations RM	Total RM
Assets								
Segment assets	120,841,901	113,789,368	74,997,415	86,581,948	93,097	(c)	(125,805,444)	270,498,285
Current tax assets	205,000	1,251,584	563,900	235,602	-		-	2,256,086
Deferred tax assets	-	2,465,744	303,035	585,855	-		-	3,354,634
Total assets	121,046,901	117,506,696	75,864,350	87,403,405	93,097		(125,805,444)	276,109,005
Liabilities								
Segment liabilities	7,170,434	66,900,276	33,504,649	11,687,655	3,187,935	(d)	(46,941,906)	75,509,043
Current tax liabilities	-	65,250	174,358	-	-		-	239,608
Deferred tax liabilities	-	540,094	48,859	32,729	-		-	621,682
Total liabilities	7,170,434	67,505,620	33,727,866	11,720,384	3,187,935		(46,941,906)	76,370,333
Other segment items								
Additions to non-current assets other than financial instruments - property, plant and equipment	25,645	150,045	354,738	1,671,080	-		-	2,201,508

Notes to the Financial Statements (cont'd)

36. SEGMENT INFORMATION (CONTINUED)

(a) Business segments (Continued)

2017	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Note	Adjustment and eliminations RM	Total RM
Assets							
Segment assets	102,366,278	104,753,819	82,601,292	97,687,467	(c)	(99,432,050)	287,976,806
Current tax assets	88,037	3,310,178	-	-		-	3,398,215
Deferred tax assets	-	-	485	1,041,419		-	1,041,904
Total assets	102,454,315	108,063,997	82,601,777	98,728,886		(99,432,050)	292,416,925
Liabilities							
Segment liabilities	11,422,411	73,102,842	38,844,254	37,666,937	(d)	(40,129,568)	120,906,876
Deferred tax liabilities	-	146,002	52,268	77,478		-	275,748
Current tax liabilities	-	-	890,016	666,561		-	1,556,577
Total liabilities	11,422,411	73,248,844	39,786,538	38,410,976		(40,129,568)	122,739,201
Other segment items							
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)

36. SEGMENT INFORMATION (CONTINUED)

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

- (a) Inter-segment revenue are eliminated on consolidation;
- (b) Inter-segment transactions are eliminated on consolidation;
- (c) Inter-segment assets are eliminated on consolidation; and
- (d) Inter-segment liabilities are eliminated on consolidation.

Geographical information

Revenue and non-current assets (other than financial instruments and deferred tax assets) information based on the geographical location of customers are as follows:

	Revenue RM	Non-current assets RM
2018		
Malaysia	247,493,029	46,305,932
Singapore	40,366,511	1,799,949
United Arab Emirates, Abu Dhabi	16,118,353	25,586
	303,977,893	48,131,467
2017		
Malaysia	232,293,530	42,959,005
Singapore	51,975,061	2,544,185
Qatar	1,120,650	-
United Arab Emirates, Abu Dhabi	11,106,390	11,080
	296,495,631	45,514,270

Information about Major Customer

The major customer with revenue equal to or more than 10% of the Group revenue is as follows:-

	Segment	2018 RM	Group 2017 RM
Customer A	Facilities	92,625,165	53,862,151



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 accompanying financial statements set out on pages 76 to 162 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and of their performance and cash flows for the financial year then ended.

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

DATO' NIK MOD AMIN BIN NIK ABD MAJID
Director

DATO' AHMAD KABEER BIN MOHAMED NAGOOR
Director

Subang Jaya

Date: 16 October 2018

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

I, **VOON SIEW MOON**, being the officer primarily responsible for the financial management of **AWC BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 76 to 162 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

VOON SIEW MOON

Subscribed and solemnly declared by the abovenamed at Subang Jaya in Selangor Darul Ehsan on 16 October 2018.

Before me,

Siti Naidah Binti Ariffin
(No. B501)
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 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 76 to 162.

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 2018, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Key Audit Matters

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

Group

Goodwill on business combination (Note 4.1 and 7 to the financial statements)

The Group has significant goodwill on business combination amounted to RM28,144,403 arising from the acquisition of three operating segments. The goodwill is tested for impairment annually. In performing the impairment assessment, the Group has identified one environment and two engineering segments as the cash generating units to which the goodwill is allocated.

We focused on this area because the impairment assessment requires the exercise of significant judgement by the Group on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections which include future sales, gross profit margin and operating expenses.

Our response:

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

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



Independent Auditors' Report (cont'd)

To the Members of AWC Berhad

Key Audit Matters (Continued)

Group (Continued)

Trade receivables (Note 4.2 and 12 to the financial statements)

As at 30 June 2018, trade receivables of the Group amounted to RM82,205,110. We focused on this area because the Group made judgements over both the events or changes in circumstances indicating that trade receivables are impaired and the estimation of the size of any such impairment. The trade receivables are monitored individually by the Group and therefore the impairment is assessed based on knowledge of each individual receivable.

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring and impairment assessment of receivables that were either in default or significantly overdue;
- understanding significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and testing the reliability of the reports;
- obtaining confirmation of balances from selected samples of receivables;
- assessing subsequent receipts, customer correspondence and considering explanation on recoverability with significantly past due balances;
- assessing the reasonableness of impairment charges for identified credit exposures; and
- reviewing the work papers of component auditors in assessing the recoverability of any significantly past due balances of subsidiaries not audited by us.

Revenue and cost of sales recognition for construction contracts (Note 4.3 and 13 to the financial statements)

The Group recognises revenue and cost of sales of its construction projects from the engineering and environment segments using the stage of completion method. We focused on this area because the amounts of revenue and related cost of sales are recognised based on the estimated total project revenue and costs, the extent of construction costs incurred and the recoverability of the construction projects which require the Group to apply significant judgement. The stage of completion method is determined by reference to costs incurred for work performed to date to the estimated total construction costs for each project. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our response:

Our audit procedures included, among others:

- understanding the Group's process in preparing or updating project budget and the calculation of the stage of completion;
- comparing major assumptions to contractual terms;
- assessing the reasonableness of computed stage of completion for identified projects against certificates issued by external parties or progress reports;
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year; and
- reviewing the work papers of component auditors in their assessment of the project total estimated revenue and costs as well as the revenue and cost of sales recognised during the financial year for subsidiaries not audited by us.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.



Independent Auditors' Report (cont'd) To the Members of AWC Berhad

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



Independent Auditors' Report (cont'd)

To the Members of AWC Berhad

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

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.

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

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

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

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 8 to the financial statements.



Independent Auditors' Report (cont'd) To the Members of AWC Berhad

Other Matters

1. The financial statements of the Group and of the Company for the financial year ended 30 June 2017 were audited by another firm of Chartered Accountants who issued an unmodified opinion in their report dated 16 October 2017.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Lee Kong Weng
No: 02967/07/2019 J
Chartered Accountant

Kuala Lumpur

Date: 16 October 2018



SUMMARY OF GROUP PROPERTIES

AS AT 30 JUNE 2018

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 2018 (RM)	Date of acquisition/ Last revaluation
1.	Ambang Wira Scn. 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	22 years	5,000,000	22 June 2000/ 26 June 2018
2.	Ambang Wira Scn. 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	22 years	5,000,000	29 November 2002/ 26 June 2018
3.	Qudotech Scn. 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	18 years	131,718	31 October 2000/ 30 June 2018
4.	Qudotech Scn. 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	18 years	124,871	31 October 2000/ 30 June 2018
5.	Stream Environment Scn. 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	1,905	7,464	99-year leasehold expiring on 21 July 2108	18 years	1,925,069	13 Feb 2017/ 15 July 2016
TOTAL									12,181,658	



ANALYSIS OF SHAREHOLDINGS

AS AT 28 SEPTEMBER 2018

Total Number of Issued Shares	:	269,638,770 Ordinary Shares
Class of Equity Securities	:	Ordinary Shares (“ shares ”)
Voting Right	:	One vote for every share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Shareholdings	No. of Holders	%	No of Shares #	%
Less than 100	1,776	25.26	124,793	0.05
100 – 1,000	1,505	21.41	813,764	0.30
1,001 – 10,000	2,469	35.12	13,036,894	4.83
10,001 – 100,000	1,093	15.55	35,793,497	13.27
100,001 – less than 5 % of the issued shares	187	2.66	137,122,764	50.85
5% and above of the issued shares	1	0.01	82,747,058	30.69
Total	7,031	100.00	269,638,770	100.00

Excluding a total of 3,326,800 shares bought back and retained as treasury shares.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 28 SEPTEMBER 2018

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	No. of Ordinary Shares		
		%*	Indirect Interest	%*
K-Capital Sdn. Bhd.	82,750,000	30.69	–	–
Dato' Ahmad Kabeer Bin Mohamed Nagoor	11,735,200	4.35	82,750,000 ^a	30.69
Employees Provident Fund Board	17,261,300	6.40	–	–

Note:

(a) Deemed interested by virtue of Section 8 (4) of the Companies Act 2016 held through in K-Capital Sdn Bhd.

DIRECTOR'S INTEREST AS AT 28 SEPTEMBER 2018

(As per the Register of Directors' Shareholdings)

Name of Director	Direct Interest	No. of Ordinary Shares		
		%*	Indirect Interest	%*
Dato' Ahmad Kabeer Bin Mohamed Nagoor	11,735,200	4.35	82,750,000 ^a	30.69

Note:

(a) Deemed interested by virtue of Section 8 (4) of the Companies Act 2016 held through in K-Capital Sdn Bhd.

No. of Options under Employee's Share Option Scheme (ESOS)

Name of Directors	No. of Options
Dato' Ahmad Kabeer Bin Mohamed Nagoor	3,000,000
Dato' Nik Mod Amin Bin Nik Abd Majid	500,000
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	300,000
Dato' Ahri Bin Hashim	300,000
Sureson A/L Krisnasamy	300,000



Analysis of Shareholdings (cont'd)

As at 28 September 2018

30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 28 SEPTEMBER 2018

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%*
1.	K-Capital Sdn. Bhd.	82,747,058	30.69
2.	Ignatius Luke Jr Tan Keng Hee	10,550,000	3.91
3.	Citigroup Nominees (Asing) Sdn. Bhd. - CBLDN for Polunin Emerging Markets Small Cap Fund, LLC	8,951,000	3.32
4.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board	8,854,900	3.28
5.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (RHBIslamic)	7,072,400	2.62
6.	Ahmad Kabeer Bin Mohamed Nagoor	5,535,200	2.05
7.	Zainab Binti Abdul Rahman	5,350,000	1.98
8.	UOBM Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Ahmad Kabeer Bin Mohamed Nagoor	5,200,000	1.93
9.	HSBC Nominees (Tempatan) Sdn. Bhd. - HSBC (M) Trustee Bhd for RHB Small Cap Opportunity Unit Trust	4,675,000	1.73
10.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. - Exempt an for Phillip Capital Management Sdn. Bhd. (EPF)	3,276,400	1.22
11.	Tan Siew Kheng	3,086,000	1.14
12.	Chan Ai Sim	3,006,200	1.11
13.	Raymond Sia Say Guan	2,808,000	1.04
14.	Ho Shu Keong	2,694,200	1.00
15.	Frontvest Holdings Sdn. Bhd.	2,000,000	0.74
16.	Vibrant Model Sdn. Bhd.	2,000,000	0.74
17.	Shaul Hamid Bin Madar	1,878,100	0.70
18.	Universal Trustee (Malaysia) Berhad - KAF Dana Alif	1,650,000	0.61
19.	M & A Nominee (Tempatan) Sdn. Bhd. - Pledged Securities Account for Sarah Pauline A/P Melkees (M&A)	1,516,000	0.56
20.	Tan Siew Kheng	1,461,112	0.54
21.	Universal Trustee (Malaysia) Berhad - KAF Tactical Fund	1,443,600	0.54
22.	Tengen Supplies Sdn. Bhd.	1,414,900	0.52
23.	Universal Trustee (Malaysia) Berhad - KAF Dana Adib	1,347,000	0.50
24.	Citigroup Nominees (Asing) Sdn. Bhd. - CEP for Polunin Funds	1,343,000	0.50
25.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (PHEIM)	1,334,000	0.49
26.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. - Exempt An for Phillip Capital Management Sdn. Bhd. (EPF)	1,310,100	0.49
27.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. - CIMB Islamic Trustee Berhad-Amanah Saham Kedah	1,119,000	0.41
28.	Slam Resources Sdn. Bhd.	1,014,300	0.38
29.	Ahmad Kabeer Bin Mohamed Nagoor	1,000,000	0.37
30.	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Fong Siling (CEB)	1,000,000	0.37

* 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 Seventeenth Annual General Meeting (“**Meeting**” or “**AGM**”) of AWC BERHAD (“**the Company**”) will be held at Resort Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 27 November 2018 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 2018 together with the Reports of the Directors and Auditors thereon. | PLEASE REFER TO NOTE (a) |
| 2. | To approve the distribution of a Final Single-Tier dividend of 0.5 sen per ordinary share for the financial year ended 30 June 2018. | ORDINARY RESOLUTION 1 |
| 3. | To approve the payment of Directors’ fees and benefits of up to RM300,000.00 for the financial year ending 30 June 2019. | ORDINARY RESOLUTION 2 |
| 4. | To re-elect the following Directors who retire by rotation in accordance with Clause 103 of the Company’s Constitution: | |
| | i. Dato’ Nik Mod Amin Bin Nik Abd Majid | ORDINARY RESOLUTION 3 |
| | ii. Yang Mulia Tunku Puan Sri Dato’ Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj | ORDINARY RESOLUTION 4 |
| 5. | To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. | ORDINARY RESOLUTION 5 |

As Special Business:

To consider and if thought fit, pass with or without any modifications, the following resolutions:

- | | | |
|----|--|------------------------------|
| 6. | CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR | ORDINARY RESOLUTION 6 |
| | “THAT subject to the passing of Ordinary Resolution 3, Dato’ Nik Mod Amin Bin Nik Abd Majid, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company.” | |
| 7. | GENERAL AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 | ORDINARY RESOLUTION 7 |
| | “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.” | |



Notice of Annual General Meeting (cont'd)

8. PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY

SPECIAL RESOLUTION

“THAT approval be and is hereby given to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution of the Company as set out in “Appendix A” with immediate effect AND THAT the Directors and/or the Secretary of the Company be authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.”

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a Final Single-Tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 30 June 2018, if approved by the shareholders at the Seventeenth Annual General Meeting of the Company, will be paid on 28 December 2018 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 13 December 2018.

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 13 December 2018 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
29 October 2018

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 put forward for voting.
- ii. A member who is entitled to attend and vote at the Meeting shall be entitled to appoint up to two (2) proxies to attend and vote at the Meeting. Where a member appoints two (2) proxies, the member shall specify the proportion of his shareholdings to be represented by each proxy and only one (1) proxy specifically nominated by the member, and if no such nomination is made, the proxy whose name is ranked first in the alphabetical order shall be allowed to vote on a show of hands.
- 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.



Notice of Annual General Meeting (cont'd)

- 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 (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.
- vii. 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 at which the person named in the instrument proposes to vote.
- 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 19 November 2018. Only members whose name appears in the Record of Depositors as at 19 November 2018 shall be entitled to attend the Meeting and to speak and vote thereat.
- ix. All the resolutions set out in this Notice will be put to vote by poll.

EXPLANATORY NOTES TO SPECIAL BUSINESS

1. Item 6 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 more than nine (9) years, and recommended him to continue acting as Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance. The justifications are stated in the Statement on Corporate Governance of the Annual Report for the financial year ended 30 June 2018.

2. Item 7 of the Agenda

The Ordinary Resolution 7 proposed under item 7 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 at 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 Sixteenth AGM held on 21 November 2017 which will lapse at the conclusion of the Seventeenth AGM.



Notice of Annual General Meeting (cont'd)

3. Item 8 of the Agenda

The Special Resolution proposed under item 8 of the Agenda is the proposed amendments to the existing Constitution of the Company, which are made mainly for the following purposes:-

- (a) To ensure compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and
- (b) To provide clarity and consistency with the amendments that arise from the Companies Act 2016 and other relevant regulatory provisions.

The shareholders' approval is sought for the Company to alter or amend the whole of the existing Constitution by the replacement with the proposed New Constitution as per "Appendix A" in accordance with the Section 36(1) of the Companies Act 2016. The "Appendix A" on the proposed New Constitution of the Company, which is circulated together with the Notice of the Seventeenth AGM dated 29 October 2018, shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Seventeenth AGM.



(This page is intentionally left blank)

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 Seventeenth Annual General Meeting of the Company to be held at Resort Ballroom 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 27 November 2018 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.

Resolutions	Particulars	For	Against
Ordinary Resolution 1	To approve the distribution of a Final Single-Tier Dividend of 0.5 sen per ordinary share for the financial year ended 30 June 2018.		
Ordinary Resolution 2	To approve the payment of Directors' fees and benefits of up to RM300,000.00 for the financial year ending 30 June 2019.		
Ordinary Resolution 3	To re-elect Dato' Nik Mod Amin Bin Nik Abd Majid as Director.		
Ordinary Resolution 4	To re-elect Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj as Director.		
Ordinary Resolution 5	To re-appoint Baker Tilly Monterio Heng as Auditors of the Company.		
Ordinary Resolution 6	To retain Dato' Nik Mod Amin Bin Nik Abd Majid as Independent Non-Executive Director.		
Ordinary Resolution 7	To approve the authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Special Resolution	To approve the proposed amendments to the Constitution of Company.		

* delete whichever not applicable

Dated this _____ day of _____ 2018.

CDS Account No.	
Number of Shares Held	

Percentage of shareholdings to be represented by the proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
TOTAL		100

Signature/Common Seal of Member(s)

NOTES:

- A member of the Company who is entitled to attend and vote at the Seventeenth 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 19 November 2018. Only members whose name appears in the Record of Depositors as at 19 November 2018 shall be entitled to attend the Meeting and to speak and vote thereat.
- All the resolutions set out in this Notice will be put to vote by poll.



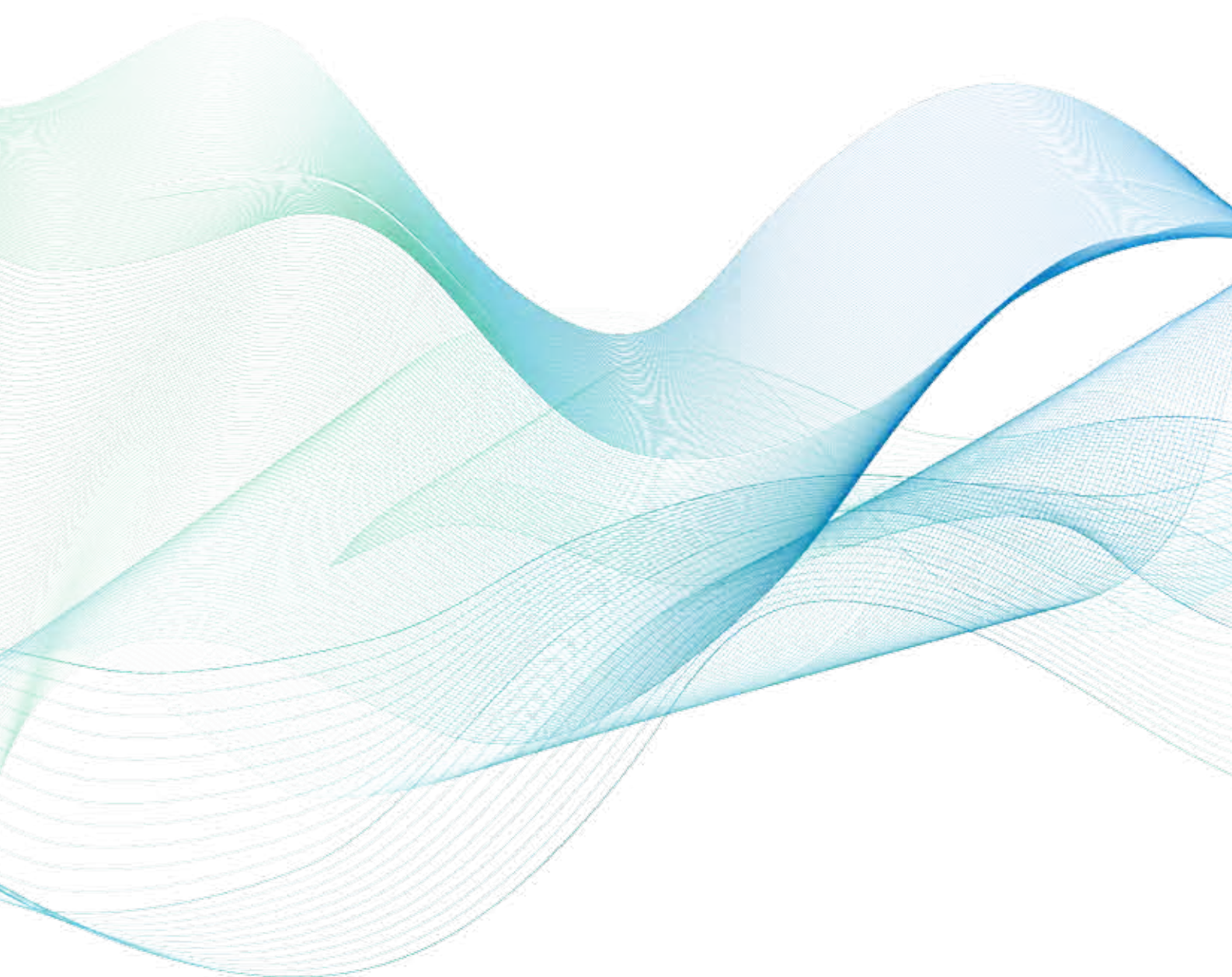
Fold this flap for sealing

Then fold here

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

1st fold here



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



APPENDIX A

PROPOSED NEW CONSTITUTION OF

AWC BERHAD

This is the Appendix A referred to in Agenda 9 of the Notice of 17th Annual General Meeting (“17th AGM”) of AWC Berhad dated 29 October 2018

Date and time of the 17th AGM : Tuesday, 27 November 2018 at 10.00 a.m.
Venue of the 17th AGM : Resort Ballroom 1
Tropicana Golf & Country Resort
Jalan Kelab Tropicana
47410 Petaling Jaya
Selangor Darul Ehsan
Malaysia

**THE COMPANIES ACT 2016
MALAYSIA**

PUBLIC COMPANY LIMITED BY SHARES

CONSTITUTION

OF

AWC BERHAD

INTERPRETATION AND DEFINITIONS

Interpretation Clause 1. In this Constitution the words standing in the first column of the table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof, if not inconsistent with the subject or context: -

Definitions	Words	Meanings
	Act	... The Companies Act 2016 or any statutory modification, amendment or re-enactment thereof for the time being in force or any and every other act for the time being in force.
	Applicable Laws	... All laws, bye-laws, regulations, rules, orders and/or official directions for the time being in force affecting the Company and its subsidiaries, including but not limited to the Act, the Listing Requirements and every other law for the time being in force concerning companies and affecting the Company and any other directives or requirements imposed on the Company by the Securities Commission and/or other relevant regulatory bodies and/or authorities.
	Authorised Nominee	... A person who is authorised to act as nominee as specified under the Rules.
	Board or Board of Directors	... The Board of Directors of the Company from time to time.
	Central Depositories Act	... Securities Industry (Central Depositories) Act 1991, or any statutory modification, amendment or re-enactment thereof for the time being in force.
	Central Depository	... Bursa Malaysia Depository Sdn. Bhd. or such other name by which it may be known from time to time.
	Chairman	... The chairman of the Board of Directors.
	Company	... AWC BERHAD (550098-A) including any change of name from time to time.
	Depositor	... A holder of a Securities Account established by the Central Depository.

Deposited Security	...	A security in the Company standing to the credit of a Securities Account of a Depositor subject to the provisions of the Central Depositories Act and the Rules and includes a security in a Securities Account that is in suspense.
Directors	...	The directors for the time being of the Company.
Exchange/ Stock Exchange/ Bursa Securities	...	Bursa Malaysia Securities Berhad or such other name by which it may be known from time to time.
Listing Requirements	...	The Main Market Listing Requirements of the Exchange including any amendments thereto that may be made from time to time.
Market Day	...	Any day on which the stock market of the Exchange is open for trading in securities
Member	...	Any person/persons for the time being holding shares in the Company and whose names appear in the Register (except Bursa Malaysia Depository Nominees Sdn. Bhd. in its capacity as bare trustee) including Depositors whose names appear on the Record of Depositors.
Office	...	The registered office for the time being of the Company.
Record of Depositors	...	A record provided by the Central Depository to the Company or its registrars or its issuing house pursuant to the Rules.
Register	...	The register of members to be kept pursuant to the Act.
Rules	...	The Rules of the Central Depository or any amendment thereof for the time being in force.
Seal	...	The Common Seal of the Company
Secretary or Secretaries	...	Any person or persons appointed to perform the duties of the secretary of the Company and shall include a joint secretary, temporary assistant or deputy secretary.
Securities	...	Any securities as defined in Section 2(1) of the Capital Markets and Services Act 2007 or any modification, amendment or re-enactment thereof for the time being in force.
Securities Account	...	An account established by the Central Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor.

In this Constitution, the following shall be applied unless the context requires otherwise:

- (a) Writing shall include printing, photography, lithography and any other mode or modes of representing or reproducing words in a visible form;
- (b) Words importing the singular number only shall include the plural number and vice versa;
- (c) Words importing persons shall include corporations, companies, partnerships, unincorporated bodies and any other entity;
- (d) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (e) Words importing a gender include all genders;
- (f) A reference to any statute, legislation, regulation, requirement, guideline or provision thereof is a reference to such statute, legislation, regulation, requirement, guideline or provision as amended, modified, re-enacted, supplemented or substituted from time to time;
- (g) Headings are for convenience only and do not affect interpretation; and
- (h) Subject as aforesaid, any words or expressions defined in the Act shall, except where the subject or context forbids, bear the same meanings in this Constitution.

Expressions in Act defined to bear same meaning in Constitution

BUSINESS

- | | |
|----------------------|---|
| Public Company | 2. The name of the Company is AWC BERHAD and was incorporated in Malaysia on 13 th June 2001. The registered office of the Company shall be situated in Malaysia. |
| Liability of Members | 3. The Company is a company limited by shares and the liability of the Members is limited. |
| Objects | 4. Subject to the provisions of the Act, this Constitution and any other written law, the Company has:- <ul style="list-style-type: none">(a) Full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and(b) For the purposes of Clause 4(a) above, full rights, powers and privileges. |

SHARE CAPITAL AND VARIATION OF RIGHTS

- Class of shares and alteration of share capital
5. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise. The Company shall have the power to increase or reduce the capital, to consolidate or subdivide the shares into shares of larger or smaller amounts and to issue all or any part of the original or any additional capital as fully paid or partly paid shares, and with any special or preferential rights or privileges, or subject to any special terms or conditions and either with or without any special designation, and also from time to time to alter, modify, commute, abrogate or deal with any such privileges, terms, conditions or designations in accordance with the regulations for the time being of the Company.
- Allotment of shares
6. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of this Constitution, the Act, any Applicable Laws, and to the provisions of any resolution of the Company, the Board may issue, allot or otherwise dispose of such shares to such persons at such price, on such terms and conditions, with such preferred, deferred or other special rights and subject to such restrictions and at such times as the Board may determine but the Board in making any issue of shares shall comply with the following conditions:-
- (i) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;
 - (ii) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the Members in general meetings;
 - (iii) no Director shall participate in a scheme that involves a new issuance of shares or other convertible securities to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director;
 - (iv) except in the case of an issue of Securities on a pro-rata basis to all Members, placements undertaken in compliance with the Listing Requirements or issuance pursuant to a dividend reinvestment scheme, there shall be no issue of Securities to a Director, major shareholder, chief executive or person connected with any Director, major shareholder or chief executive (hereinafter referred to as the interested Director", "interested major shareholder", "interested chief executive" or "interested person connected with a Director, major shareholder or chief executive" respectively) unless the members in general meeting have approved of the specific allotment to be made to such aforesaid interested Director, interested major shareholder, interested chief executive or interested person connected with a Director, major shareholder or chief executive, as the case may be. In this Constitution, "major shareholder", "chief executive" and "person connected with any Director, major shareholder or chief executive" shall have the meaning ascribed thereto in the Listing Requirements; and

- (v) in the case of shares offered to the public or under a prospectus that is registered under the Capital Markets and Services Act 2007 for subscription, the amount payable on application on each share shall not be less than five per centum (5%) of the offer price of the share.

Rights of preference shareholders

7. Subject to the Act and the Listing Requirements, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have:
- (i) the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts and attending general meetings of the Company; and
 - (ii) the right to vote at any meeting convened for the purpose of reducing the capital of the Company or on a proposal to wind up or during the winding up of the Company, or sanctioning a sale of the whole of the Company's undertaking, property or business, or where any resolution to be submitted to the meeting directly affects their rights and privileges, or when the dividend on the preference shares or part of the dividend is in arrears for more than six (6) months.

Repayment of preference capital

8. Notwithstanding Clause 10, the repayment of preference share capital (other than redeemable preference shares), or any alteration of preference shareholder's rights may be made:
- (i) with the sanction of a special resolution of the preference shareholders concerned; or
 - (ii) where the necessary majority for such a special resolution under Clause 8 (i) is not obtained at the meeting, consent in writing obtained from the holders of seventy-five per centum (75%) of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Variation of class rights

9. Subject to Section 91 of the Act, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with:
- (i) the consent in writing of the holders of not less than seventy five per centum (75%) of the total voting rights of the shareholders in that class; or

- (ii) with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two (2) persons holding or representing by proxy at least one-third of the number of the issued shares of the class excluding any shares of that class held as treasury shares and that any holder of shares of the class present in person or by proxy may demand a poll and shall be entitled on a poll to one vote for every such share held by him. For adjourned meetings, quorum is one (1) person present holding shares of such class. To every such special resolution, the provisions of Section 292 of the Act shall with such adaptations as are necessary, apply.

- | | |
|---|---|
| Ranking of class rights | 10. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects <i>pari passu</i> therewith. |
| Commission on subscription of shares | 11. The Company (or the Board on behalf of the Company) may exercise the powers conferred by Section 80 of the Act of applying its shares or capital moneys, either directly or indirectly, in paying commissions to persons subscribing or procuring subscriptions for shares of the Company, or agreeing so to do whether absolutely or conditionally, provided that the rate, percentage or the amount of the commission paid or agreed to be paid and the number of shares which a person has agreed for a commission to subscribe shall be disclosed in the manner required by the Act and the amount of commission paid or agreed to be paid shall not exceed ten per centum (10%) of the price at which the shares in respect whereof the commission is paid are issued or an amount equivalent thereto, whichever is lesser. The Company (or the Board on behalf of the Company) may also on any issue of the shares pay such brokerage as may be lawful. |
| Interest on share capital during construction | 12. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may pay interest or returns on the amount of such share capital as is for the time being paid up subject to the conditions and restrictions mentioned in Section 130 of the Act, and may charge the same to share capital as part of the cost of the works, buildings or plant. |
| Trust not to be recognized | 13. Except only as otherwise expressly provide by this Constitution or as required by law or as provided under the Central Depositories Act and the Rules, or pursuant to any order by court, no person (other than Bursa Malaysia Depository Nominees Sdn Bhd) shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any unit of share or any other right in respect of any shares except an absolute right to the entirety thereof in the registered holder. |

ISSUE OF SECURITIES / CERTIFICATES

- | | |
|--|--|
| Issue of new Securities | 14. All new issues of Securities for which listing is sought on the Exchange shall be by way of crediting the Securities Accounts of the allottees or entitled persons held with the Central Depository with such securities, save and except where the Company is specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event it shall similarly be exempted from compliance with this provision. For this purpose, the Company shall notify the Central Depository of the names of the allottees or entitled persons together with all such particulars as may be required by the Central Depository to enable the Central Depository to make the appropriate entries in the Securities Accounts of such allottees or entitled persons. |
| Crediting of Securities Accounts | 15. The Company shall not cause or authorise its registrar to cause the Securities Accounts of the allottees to be credited with additional Securities until it has filed with the Exchange a listing application for such new issue of Securities and has been notified by the Exchange that such new Securities have been approved in principle for listing. |
| Allotment and despatch of notices of allotment | 16. Subject to the Act, the Central Depositories Act, the Listing Requirements, the Rules and Clause 15, the Company shall issue and allot securities and despatch notices of allotment to the allottees and make an application for quotation of such securities within such period as prescribed under the Listing Requirements. |
| Certificates | 17. (a) Subject to the Act, the Company shall not be required to issue a share certificate unless an application by a shareholder for a certificate relating to the Member's shares in the Company has been received or provided under this Constitution.

(b) Notwithstanding Clause 17(a) and the Act, the Company may issue jumbo certificates (as defined in the Central Depositories Act) or such other denominations of certificates in favour of the Central Depository or its nominee company, as nominee for the Directors, and no certificate shall be issued in respect of the Deposited Security in favour of the Depositors or their transferees except where the Deposited Security is withdrawn from the Depository.

(c) Every certificate shall be issued under the Share Seal or Seal in such form as the Board shall from time to time prescribe and shall bear the facsimile signature of at least one Director and a second Director or the Secretary or some other person appointed by the Board, and shall in compliance with Section 98 of the Act stating:-

(i) the name of the Company;

(ii) the class of shares held by that person; and

(iii) the number of shares held by that person. |

- (d) Subject to the provisions of the Act, the Central Depositories Act and the Rules, if any certificate shall be mutilated, defaced, worn out, destroyed, lost or stolen, it may at the discretion of the Directors be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, holder of Securities, transferee, person entitled to such mutilated, defaced, worn out, destroyed, lost or stolen certificate or the Central Depository or its nominee company, purchaser member company of the Exchange for or on behalf of its/their clients as the Directors shall require, and in the case of mutilation, defacement or wearing out on surrender of such mutilated, defaced or worn out certificate, and in any case on payment of such sum as the Directors may determine but not exceeding Ringgit Malaysia Fifty (RM50.00) per certificate or such other sum as may from time to time be imposed by the Exchange plus the amount of the proper duty with which each such certificate is chargeable under any law for the time being in force relating to stamps. In the case of the destruction, loss or theft of a certificate a shareholder, holder of Securities or person entitled to whom such renewed certificate is given shall also bear the loss and pay the Company all expenses incidental to the investigations by the Company of the evidence of such destruction loss or theft.

LIEN

- | | |
|---|--|
| Company's
lien on
shares | 18. The Company shall have a first and paramount lien on every share (not being a fully paid up share) and any divided payment on the share for all money due and unpaid in respect of that share and the Company shall be entitled to charge interest thereon, not higher than the overdraft rate charged for the time being by the Company's principal bankers or such other rate as the Directors may determine and the Company shall also have a first and paramount lien on every share (other than a fully paid share) registered in the name of a Member or a deceased Member for such amounts as the Company may be called upon by law to pay and has paid in respect of that share. The Company's lien, if any, on a share and dividends from time to time declared in respect of such share shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, or if the shares were acquired under an employee share options scheme, amounts which are owed to the Company for acquiring them. The Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Constitution. |
| Lien may be
enforced by
sale of
shares | 19. The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable and until the expiration of fourteen (14) days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or bankruptcy. |
| Directors
may effect
transfer | 20. To give effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale and the remedy of the holder of such share or of any person claiming under or through him in respect of any alleged irregularity or invalidity, shall be against the Company. |

Application of proceeds of sale 21. The proceeds of the sale after payment of the amount of interest and costs relating to the sale, shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall be paid to the person entitled to the shares at the date of the sale or his executors, administrators or assignees or as he directs.

CALLS ON SHARES

Directors may make calls 22. The Directors may from time to time make calls upon the Members in respect of any money unpaid on their shares and not by the conditions of allotment thereof made payable at fixed times, provided that no calls shall exceed one-fourth (1/4) of the issued price of the share or be payable at less than thirty (30) days from the date fixed for the payment of the last preceding call, and each Member shall (subject to receiving at least fourteen (14) days' notice specifying the date, time and place of payment) pay to the Company, the amount called on his shares. A call may be revoked or postponed as the Directors may determine.

Effective date of call 23. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be required to be paid by instalments. No shareholder shall be entitled to receive any dividend or to exercise any privilege as a Member, until he shall have paid all calls for the time being due and payable on every share held by him, together with interest and expenses (if any).

Interest on unpaid calls 24. If a sum called in respect of shares is not paid before or on the day appointed for payment thereof, the person from whom the sum is due, shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding eight per cent (8%) per annum as the Directors may determine, but the Directors shall be at liberty to waive payment of the interest, wholly or in part.

When calls deemed made 25. Any sum which by the terms of issue of a share is payable on allotment or any fixed date, shall for the purposes of this Constitution be deemed to have been duly called for and shall be payable on the date on which by the terms of issue the shares becomes payable, and in case of non-payment, all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise, shall apply as if the sum had become payable by virtue of a call duly made and notified.

Difference in calls 26. The Directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment of such calls.

- Capital paid in advance of calls 27. The Directors may, if they think fit, receive from any Member willing to advance payment, all or any part of the money uncalled and unpaid upon any shares held by him, and upon all or any part of the money so advanced being received by the Directors the Company may pay interest at such rate not exceeding (unless the Company in general meeting shall otherwise direct) eight per cent (8%) per annum as may be agreed upon between the Directors and the Member paying the sum in advance, from the date of receipt of the advance payment up to the date such payment on the shares is called and becomes payable by members of the Company. Such capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits. Except in liquidation, capital paid in advance of calls shall not, until the same would but for such advance have become payable, be treated as paid up on the shares in respect of which they have been paid.
- Information on shareholding 28. (a) The Company may by notice in writing, require any Member of the Company, within such reasonable time as is specified in the notice: -
- (i) to inform the Company whether he holds any voting shares in the Company as beneficial owner or Authorised Nominee; and
 - (ii) if he holds them as Authorised Nominee, to indicate so far as he can, the person for whom he holds them by name and other particulars sufficient to enable that person to be identified and the nature of his interest.
- (b) The Company may by notice in writing require a Member of the Company to inform it, within such reasonable time as is specified in the notice, whether any of the voting rights carried by any voting shares in the Company held by him, are the subject of any agreement or arrangement under which another person is entitled to control his exercise of those rights and, if so, to give particulars of the agreement or arrangement and the parties to it.

TRANSFER OF SECURITIES

- Transfer in writing 29. Subject to this Constitution, the Central Depositories Act and the Rules, any Member may transfer all or any of his Securities (except those Deposited Securities which are for the time being designated as securities in suspense) by instrument in writing in the form prescribed and approved by the Stock Exchange. The instrument shall have been executed by or on behalf of the transferor and the transferee and the transferor shall remain the holder of the Securities transferred until the transfer is registered and the name of the transferee is entered in the Record of Depositors.
- Transfer of Securities 30. The transfer of any Deposited Securities shall be made by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to subsection 148(2) of the Act and any exemption that may be made from compliance with subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such Securities.

- No restriction on the transfer of fully paid Securities 31. Subject to the Central Depositories Act and the Rules, there shall be no restriction on the transfer of fully paid Securities except where required by law.
- Refusal to register 32. (a) The Central Depository may, in its absolute discretion, refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and/or the Rules.
- Indemnity against wrongful transfer (b) Neither the Company nor the Directors nor any of its officers shall incur any liability in respect of any transfer of Deposited Security apparently made by sufficient parties and registered by the Central Depository, although the same may, by reason of any fraud or other cause not known to the Company or the Directors or other officers be legally inoperative or insufficient to pass the property in the Deposited Security proposed or professed to be transferred, and although transferred, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such Deposited Security and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.
- Suspension of registration 33. Subject to the provisions of the Act, the Depositories Act, the Rules and the Listing Requirements, the registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine PROVIDED ALWAYS that such registration shall not be suspended for more than thirty (30) days in any year. At least ten (10) clear Market Days' notice (or such other period as may from time to time be prescribed by Bursa Securities) prior to such closure shall be published in a daily newspaper circulating in Malaysia and shall also be given to Bursa Securities. The said notice shall state the period and purpose or purposes of such closure. The Company shall give notice in accordance with the requirements of the Rules to the Depository to prepare the appropriate Record of Depositors.
- Closing of Register 34. The Register and/or Record of Depositors may be closed for such periods as the Directors may from time to time determine PROVIDED ALWAYS that it shall not be closed for more than thirty (30) days in any year. Any notice of intention to close the Register and/or Record of Depositors and the reason therefor shall be given to the Stock Exchange, such closure of the Register and/or Register of Depositors shall be at least ten (10) Market Days (or such other period as prescribed by the Exchange from time to time) after the date of notification to the Stock Exchange. The said notice shall state the books closing date and purpose or purposes for which the Register and/or Record of Depositors is being closed. In this respect, the Company shall request the Central Depository, in accordance with the Rules, to prepare the appropriate Record of Depositors.
- Renunciation 35. Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

TRANSMISSION OF SHARES

- Death of Member 36. In the case of the death of a Member:-
- (a) where the deceased was a sole or only surviving holder, the legal personal representatives; and
 - (b) where the deceased was a joint holder, the survivor(s),
- shall be the only person (s) recognized by the Company as having any title to the deceased Member's interest in the Securities but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
- Share of deceased or bankrupt Member 37. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence being produced as may from time to time properly be required by the Central Depository and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the Central Depository shall in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy provided always, that subject to the Rules, a transfer of the shares may be carried out by the person becoming so entitled.
- Notice of election 38. If any person so becoming entitled elects to be registered himself, he shall notify the Central Depository in writing in accordance with the Rules. If he elects to have another person registered, he shall testify his election by executing to that person a transfer of the share in accordance with the Rules. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by that Member.
- Person entitled may receive dividends etc 39. Where the registered holder of any share dies or becomes bankrupt, his personal representative or the assignee of his estate, as the case may be, shall, upon the production of such evidence as may from time to time be properly required by the Directors in that behalf, be entitled to the same dividends and other advantages and to the same rights (whether in relation to meetings of the Company or to voting or otherwise) as the registered holder would have been entitled to if he had not died or become bankrupt.
- Transmission of securities 40. Where:-
- (a) the Securities of the Company are listed on another stock exchange; and
 - (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,

the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.

FORFEITURE OF SHARES

- | | |
|--|--|
| Notice requiring payment | 41. If any Member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest or compensation which may have accrued. |
| Particulars of notice | 42. The notice under Clause 41 must state:-

(a) a date (not earlier than the expiration of fourteen (14) days from the date of service of the notice) on or before which the payment required by the notice is to be made;

(b) the manner by which the said payment is to be made; and

(c) in the event of non-payment at or before the date so specified in paragraph (a), the shares in respect of which the call was made is liable to be forfeited. |
| Forfeiture | 43. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture of shares shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. A notice of forfeiture shall be sent to the Member within fourteen (14) days of the forfeiture and an entry of such notice having been given and of the forfeiture with the date thereof, shall forthwith be made in the Register or the Record of Depositors as appropriate, opposite to the shares. |
| Directors may sell shares or cancel forfeiture | 44. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Directors think fit. Notice of sale or disposal shall be sent to the holder of the shares sold or disposed of within fourteen (14) days of the date of sale or disposal. |
| Liability of Member in respect of forfeited shares | 45. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all money which, at the date of forfeiture, was payable by him to the Company in respect of the shares (together with interest or compensation at the rate of eight per centum (8%) per annum from the date of forfeiture on the money for the time being unpaid if the Directors think fit to enforce payment of such interest or compensation), but his liability shall cease if and when the Company receives payment in full of all such money in respect of the shares. Notwithstanding, the Directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal. |

- Evidence of forfeiture 46. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.
- Proceeds of sale 47. The Company may receive the consideration, if any, given for any forfeited share on any sale or disposition thereof and authorise some person to execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and he shall not be bound to see to the application of the purchase money if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share. Any residue of the proceeds of sale of shares which are forfeited and sold or disposed of, after the satisfaction of the unpaid calls or instalments payable at fixed times and accrued interest and expenses, shall be paid to the person entitled to the shares immediately before the forfeiture thereof or his executors, administrators or assignees or as he directs.
- Non-payment of any sum pursuant to the issue of a share 48. The provisions of this Constitution as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, as if the same had been payable by virtue of a call duly made and notified.

CONVERSION OF SHARES INTO STOCK

- Conversion by ordinary resolution 49. The Company may by ordinary resolution passed at a general meeting of the Company convert any paid up shares into stock or re-convert any stock into paid up shares of any number.
- Transfer of stock 50. Subject to Clause 49, the holders of the stock may transfer the same or any part thereof in the same manner as the transfer of shares from which the stock arose might, prior to conversion, have been transferred or be transferred as near thereto as circumstances permit; provided always that the Directors may from time to time fix the minimum amount of stock transferable provided that the minimum amount of stock transferable shall not be greater than the issue price of the shares from which the stock arose, and restrict or forbid the transfer of fractions of that minimum.
- Rights of stock holders 51. The holders of stock shall, according to the amount of the stock held by them have the same rights, privileges and advantages with regards dividends, participation in assets on a winding up, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, so that none of such right, privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of the stock which would not, if existing in shares, have conferred such right, privilege or advantage.
- Definition 52. All such provisions in this Constitution as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" shall include "stock" and "stockholder" respectively.

INCREASE OF CAPITAL

- Power to increase capital 53. The Company may from time to time, whether all the shares for the time being issued shall have been fully called up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase may direct.
- Offer of new Shares 54. Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible Securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares and/or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares and/or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to any offer of new shares or Securities) cannot, in the opinion of the Directors be conveniently offered under this Constitution. Notwithstanding the above, the Directors shall not be required to offer any new ordinary shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time to be created to the holders of the existing shares where the said shares or securities are to be issued as consideration or part consideration for the acquisition of shares or assets by the Company.
- Ranking of new shares 55. Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

ALTERATION OF CAPITAL

- Power to alter capital 56. Subject to the provisions of this Constitution and the Act, the Company may by special resolution:
- (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (ii) subdivide its share capital or any part thereof into shares of smaller amounts by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act;
 - (iii) convert and/or re-classify any class of shares into any other class of shares; or

- (iv) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

- Power to reduce capital 57. The Company may by special resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Act and the Applicable Laws.
- Purchase by the Company of its Own Shares 58. The Company may, subject to its obtaining such approval from the relevant authorities (if required) and to its compliance with the Act, the Listing Requirements and the Applicable Laws, purchase its own shares. Any shares so purchased by the Company shall be dealt with in accordance with the Act, the Listing Requirements and all Applicable Laws. The provisions of Clause 56 and Clause 57 herein above shall not affect the power of the Company to cancel any shares or reduce its share capital pursuant to any exercise of the Company's powers under this Constitution.

GENERAL MEETINGS

- Annual General Meeting 59. An annual general meeting of the Company shall be held once in every calendar year and in accordance with the requirements of the Act. All general meetings other than the annual general meeting shall be called extraordinary general meetings.
- Meetings of members 60. The main venue of all meetings of Members and annual general meetings shall be held within Malaysia at such time and place as the Board shall determine. The Chairman shall be present at that main venue of the meeting. The Board may whenever it so decided by resolution convene a meeting of Members other than an annual general meeting. A meeting of Members shall be convened on such requisition or, in default may be convened by such requisitionists as provided by the Act.
- Meetings of members at two or more venues 61. The meeting of its Members may be held at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue of the meeting.
- Notice of meeting 62. Every notice convening meetings shall be in writing and shall be given to the Members either in hard copy, or in electronic form, or partly in hard copy and partly in electronic form specify the venue, the date and the time of the meeting and the general nature of the business of the meeting and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business; PROVIDED that a meeting of the Company shall, notwithstanding that it is called by a shorter notice than that specified in this Constitution, be deemed to have been duly called if it is so agreed:-

- (i) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote thereat, together holding not less than ninety-five per cent (95%) of the issued shares giving that right.

NOTWITHSTANDING the foregoing at least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is an annual general meeting, of every such general meeting shall also be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper.

- | | |
|---------------------------------------|--|
| Record of Depositors | 63. (a) The Company shall request the Central Depository in accordance with the Rules, to issue a Record of Depositors to whom notices of general meetings shall be given by the Company.

(b) The Company shall also request the Central Depository in accordance with the Rules, to issue a Record of Depositors, as at the latest date which is reasonably practicable which shall in any event be not less than three (3) Market Days before the general meeting (hereinafter referred to as " the General Meeting Record of Depositors ").

(c) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable), and notwithstanding any provision in the Act, a Depositor shall not be regarded as a Member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors. |
| Business at meetings | 64. Subject always to any provisions under the Act, no business shall be transacted at any extraordinary general meeting except business of which notice has been given in the notice convening the meeting and no business shall be transacted at an annual general meeting other than business of which notice has been given aforesaid, with the exception of declaring a dividend, the laying of audited financial statements and the reports of the Directors and auditors, the fixing of the fees and benefits of Directors, the election of Directors in the place of those retiring, and the appointment and fixing of the remuneration of the auditors. |
| Requirement in notice calling meeting | 65. In every notice calling a meeting of Members there shall appear with reasonable prominence a statement that a Member entitled to attend and vote, is entitled to appoint proxy in accordance with Clause 78 hereof, to attend, participate, speak and vote instead of the Member. |
| Omission to give notice | 66. The accidental omission to give notice of meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate any resolution passed or the proceedings at any such meeting. |

PROCEEDINGS AT GENERAL MEETING

- | | |
|--------------------------------------|--|
| No business unless quorum is present | 67. No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as herein otherwise provided, two (2) Members present in person shall be a quorum. For the purposes of this Constitution, " Member " includes a person attending as a proxy or representing a corporation which is a member. |
|--------------------------------------|--|

- Adjournment 68. If within half (1/2) an hour from the time appointed for the meeting a quorum is not present, the meeting:
- (a) if convened upon the requisition of Members, shall be dissolved; or
 - (b) in any other case it shall stand adjourned to the same day in the next week (or if that day be a public holiday then to the next business day following that public holiday) at the same time and place or to such other day and at such other time and place as the Directors may determine, but if a quorum is not present at any adjourned meeting within fifteen (15) minutes from the time appointed for holding such adjourned meeting, the Member or Members present shall be a quorum.
- Chairman 69. The Chairman of the Board (if any) shall preside as Chairman at every general meeting. If the Company has no Chairman or if at any general meeting, the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting or if the Chairman of the Board is not willing to act as Chairman for the general meeting, the Directors present shall choose one of their number to act as Chairman or if one (1) Director only is present, he shall preside as Chairman if he is willing to act. If no Director is present, or if each of the Directors present declines to preside as Chairman, the Members present and entitled to vote shall elect one (1) of their number to be the Chairman. The election of the Chairman shall be by a show of hands. However, a proxy shall not be eligible for election as chairman of the meeting.
- Adjournment with consent of meeting 70. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- Polls 71. A resolution put to vote at any meeting of Members (other than the election of the chairman of the meeting or the adjournment of the meeting which may be voted by way of show of hands) shall be determined by poll. A poll shall be taken in such manner and either forthwith or after an interval or adjournment or otherwise as the Chairman directs and the result of the poll shall be the resolution of the meeting at which the poll was taken. The Company shall appoint at least one (1) scrutineer for the purposes of a poll in accordance with the Listing Requirements, Applicable Laws, and may, in addition to the power of adjourning meetings contained in this Constitution, adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll.
- The poll may be conducted manually using voting slips or electronically using various forms of electronic voting devices. Such votes shall be counted by the poll administrator and verified by the scrutineer(s), as may be appointed for the purpose of determining the outcome of the resolution(s) to be decided by poll.
- Chairman's casting vote 72. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

- Voting right 73. Subject to any rights or restrictions for the time being attached to any class of shares at meetings of Members or classes of Members, each Member entitled to vote may vote in person or by proxy or by attorney or by duly authorised representative and on a show of hands, every person who is a Member or holder of preference shares or proxy or attorney or representative of a Member or holder of preference shares shall have one (1) vote, and on a poll, every Member present in person or by proxy or attorney or representative shall have one (1) vote for each share he holds.
- Shares of different monetary denominations 74. Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such a manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.
- Vote of Member of unsound mind and person entitled to transfer 75. A Member who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, whether on a show of hands or on a poll, by his committee or by such other person as properly has the management of his estate, and any such committee or other person may vote by proxy or attorney. Any person entitled under the transmission provisions of this Constitution to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he was the registered holder of such shares, provided that forty-eight (48) hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
- Voting Rights of Members 76. A Member or his proxy or attorney or representative shall be entitled to be present, participate, speak and to vote at any general meeting or demand a poll or be reckoned in a quorum in respect of any share or shares upon which all calls due to the Company have been paid.
- Time for objection 77. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purpose. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.
- Appointment of proxy 78. (a) The instrument appointing a proxy or attorney shall be in writing signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or signed by an officer or attorney so authorised. A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer.
- (b) A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak and vote (whether by a show of hands or poll) at the meeting.

- (c) Where a Member is an Authorised Nominee, it may appoint 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. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- (d) Where a Member of the Company is an exempt authorised nominee which holds Shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (e) An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.

- | | |
|--|--|
| Proxy Form | 79. An instrument of proxy may be in the common form or in any other form which the Directors may from time to time prescribe or approve and need not be witnessed. |
| Instrument appointing proxy to be left at Company's Office | 80. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking the poll, which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member. |
| Power of attorney | 81. Every power, right or privilege herein given in these presents to any Member of the Company to convene, attend, vote and in anyway take part in any meeting of the Company, may be exercised in the event of such Member being out of Malaysia by any attorney, whether a Member of the Company or not, duly appointed by such Member for the purpose, by a power of attorney produced at the Office of the Company during business hours not less than two (2) clear days before the same is acted on. And any vote given or things done by such attorney shall be valid notwithstanding the previous death of the Member giving such power of attorney or revocation of such power of attorney by other means provided no intimation in writing of such death or revocation shall have been received at the Office of the Company before such vote is given or thing done. |

- Validity of vote given under proxy 82. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal, or insolvency or liquidation in the case of a body corporate, or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, insolvency or liquidation in the case of a body corporate, revocation or transfer shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting at which the proxy is used. A member shall not be precluded from attending and voting in person at any general meeting after lodging the instrument of proxy but however such attendance shall automatically revoke the proxy's authority.
- Corporate Representative 83. A corporation may by resolution of its Directors or other governing body, if it is a Member of the Company, authorise such person as it thinks fit to act as its representative either at a particular meeting or at all meetings of the Company or of any class of Members and a person so authorised shall be in accordance with his authority and until his authority is revoked by the corporation, be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member of the Company.

DIRECTORS : APPOINTMENT, REMOVAL, ETC

- Number of Directors 84. Until otherwise determined in general meeting and subject to the Act, the number of Directors, all of whom shall be natural persons, shall not be less than two (2).
- Retirement of Directors 85. At the first annual general meeting of the Company, all the Directors shall retire from office, and at the annual general meeting in every subsequent year, one-third (1/3) of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.
- Selection of Directors to retire 86. Subject to Clause 91, the Directors to retire in every year shall be those who have been the longest in office since their last election or appointment but, as between persons who become or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.
- Notice of intention to appoint Director 87. No person not being a retiring Director shall be eligible for election to the office of Director at any general meeting unless some Member intending to propose him has, at least eleven (11) clear days before the meeting, left at the Office, a notice in writing duly signed by the nominee giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him, provided that in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven (7) days prior to the meeting at which the election is to take place.

- | | | |
|--|-----|---|
| Motion for appointment of Directors | 88. | At any general meeting at which more than one (1) Director is to be elected, each candidate shall be the subject of a separate motion and vote unless a motion for the appointment of two (2) or more persons as Directors by a single resolution shall have first been agreed to by the meeting without any vote being given against it. |
| Increase or reduction of number of Directors | 89. | The Company may from time to time by ordinary resolution passed at a general meeting, increase or reduce the minimum number of Directors, and may also determine in what rotation the increased or reduced number is to go out of office. |
| Removal of Directors | 90. | The Company may by ordinary resolution of which special notice is given, remove any Director before the expiration of his period of office. The Company may by ordinary resolution appoint another person in place of a Director so removed from office and any person so appointed shall be subject to retirement by rotation at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director. |
| Power to fill vacancy or to add Directors | 91. | The Directors shall have power at any time and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors to retire by rotation at such meeting. |
| Directors' qualification | 92. | The shareholding qualification for Directors may be fixed by the Company in general meeting and until so fixed, no shareholding qualification for Directors shall be required. All Directors shall notwithstanding that he is not a Member, be entitled to receive notice of and to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company. |

REMUNERATION OF DIRECTORS

- | | | |
|-------------------------|-----|--|
| Directors' remuneration | 93. | <p>The fees of the directors and any benefits payable to the directors shall from time to time be determined by way of an ordinary resolution of the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine and in default of agreement equally, except that if a Director has held office for part only of the period in respect of which such fees are payable, such a Director shall be entitled only to that proportion of the fees as is related to the period during which he has held office PROVIDED ALWAYS that:-</p> <ul style="list-style-type: none">(i) salaries, benefits and other emoluments payable to executive Director(s) pursuant to an employment contract or a contract of service need not be determined by the Company in general meeting but such salaries may not include a commission on or percentage of turnover;(ii) fees payable to non-executive Directors shall be a fixed sum and not by way of a commission on or percentage of profits or turnover; and(iii) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter. |
|-------------------------|-----|--|

- Reimbursement of expenses 94.
- (a) The Directors shall be entitled to be reimbursed for all travelling or expenses as may be incurred in attending meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors. In addition to the foregoing, a Director shall be entitled to such reasonable fixed allowance as may be determined by the Directors in respect of any attendance at any meeting and/or the performance of any duty or other things required of him as a Director of the Company.
- (b) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors of the Company, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such fee may be either in addition to or in substitution for any director's fees payable to him from time to time.

DISQUALIFICATION OF DIRECTORS

- When office of Director deemed vacant 95.
- The office of a Director shall, ipso facto, become vacant if the Director:-
- (i) becomes disqualified from being a Director under Section 198 or 199 of the Act;
 - (ii) is absent from more than fifty percent (50%) of the total Board meetings held during a financial year, unless an exemption or waiver is obtained from the Exchange;
 - (iii) is prohibited from being a Director or by any order made under, any provisions of the Act;
 - (iv) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Mental Health Act 2001;
 - (v) resigns from his office by notice in writing to the Company and deposited at the Office of the Company subject to Sections 196 (3) and 209 of the Act;
 - (vi) is removed from his office of Director by resolution of the Company in general meeting of which special notice has been given;
 - (vii) dies;
 - (viii) has retired in accordance with this Act or the Constitution of the Company but is not re-elected.

If the office of a Director is vacated for any reason, he shall cease to be a member of any committee or sub-committee of the Board.

POWERS AND DUTIES OF DIRECTORS

- | | | |
|--|-----|---|
| Business of Company to be managed by Directors | 96. | The business and affairs of the Company shall be managed by, or under the direction, or supervision of, the Directors who (in addition to the powers and authorities by this Constitution or otherwise conferred upon them) may pay all expenses incurred in promoting and registering the Company, and exercise all such powers of the Company as are not by this Constitution required to be exercised by the Company in general meeting, subject nevertheless, to any of this Constitution, to the provisions of the Act, and to such resolutions, not being inconsistent with this Constitution or the provisions of the Act as may be prescribed by the Company in general meeting but no resolution made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if such resolution had not been made. |
| Limitation on Directors' powers | 97. | <p>The Directors shall not without the prior approval of the Company in general meeting: -</p> <ul style="list-style-type: none">(i) enter or carry into effect any arrangement or transaction for the acquisition of an undertaking or property of a substantial value, or the disposal of a substantial portion of the Company's undertaking or property (a substantial portion of the Company's undertaking or property includes the whole or substantially the whole of the rights, including developmental rights, benefits or control in the undertaking or property);(ii) exercise any power of the Company to issue shares unless otherwise permitted under the Act;(iii) subject to Sections 228 and 229 of the Act, enter or carry into effect any arrangement or transaction with a Director or a substantial shareholder of the Company or its holding company, or its subsidiary or with a person connected with such a Director or substantial shareholder, to acquire from or dispose to such a Director or substantial shareholder or person connected with such a Director or substantial shareholder, any shares or non-cash assets of the requisite value; and(iv) subject to Section 218 of the Act, to gain directly or indirectly, a benefit for himself or any other person, or cause detriment to the Company. |
| Directors' borrowing powers | 98. | <p>(a) The Directors may exercise all the powers of the Company to borrow money and to mortgage or mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related company as may be thought fit.</p> |

- (b) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Power to maintain pension fund	99.	The Directors may establish or arrange any contributory or non-contributory pension or superannuation scheme for the benefit of, or pay a gratuity, pension or emolument to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and the widow, family or dependents of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such persons as aforesaid and make payments for or towards any hospital or scholastic expenses and any Director holding such salaried employment shall be entitled to retain any benefit received by him hereunder subject only, where the Act requires, to proper disclosure to the Members and the approval of the Company in general meeting.
Power to use official seal	100.	The Directors may exercise all the powers of the Company conferred by the Act in relation to any official seal for use outside Malaysia and in relation to branch registers of the Company.
Appointment of attorneys	101.	The Directors may from time to time by power of attorney under the Seal, appoint any corporation, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney/attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.
Signing of cheques etc.	102.	All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be in such manner as the Directors may from time to time by resolution determine.
Discharge of duties	103.	A Director shall at all times act honestly and use reasonable diligence in the discharge of the duties of his office and shall not make use of any information acquired by virtue of his position to gain directly or indirectly an improper advantage for himself or for any other person or to cause detriment to the Company.
Notice of disclosures	104.	Every Director shall give notice to the Company of such events and matters relating to himself as may be necessary or expedient to enable the Company and its officers to comply with the requirements of the Act.

- Director may hold other office
105. Subject always to the Act and the Listing Requirements, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.
- Director may act in his professional capacity
106. Any Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company and provided further that such shall be at normal commercial terms.

PROCEEDINGS OF DIRECTORS

- Meeting of Directors
107. (a) The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Any Director may at any time and the Secretary shall on the requisition of any of the Directors, summon a meeting of the Directors.
- (b) A member of the Board may participate in a meeting of the Board by means of a telephone conference or any other audio, or audio visual, communication means which allows all persons participating in the meeting to hear and speak with each other and such Director shall be regarded for all purposes as personally attending such a meeting and shall be counted in a quorum and be entitled to vote on the resolution tabled at a meeting of the Board.
- (c) Any meeting held in such manner shall be deemed to be held at such place as shall be agreed upon by the Directors attending the meeting PROVIDED that at least one (1) of the Directors present at the meeting was at such place for the duration of that meeting.
- Notice of Directors' Meeting
108. Unless otherwise determined by the Directors from time to time, notice of all Directors' meetings shall be given and circulated to all Directors and their alternates by facsimile, electronic mail or such other communication modes / equipment, unless such requirement is waived by a majority of them. Except in the case of an emergency, reasonable notice of every Director's meeting shall be given in writing. The majority of the Directors may waive notice of any meeting and any such waiver may be retroactive.

- Quorum of meetings of Directors
109. The quorum necessary for the transaction of business of the Directors shall be a minimum of two (2) and a meeting of the Director for the time being at which a quorum is present shall be competent to exercise all or any of the powers, authorities and discretions by or under this Constitution vested in or exercisable by the Directors generally. For the purpose of determining whether the quorum for the transaction of the business of the Directors exists: -
- (i) in the case of a resolution agreed by Directors in telephonic communications, all such Directors shall be counted in the quorum; and
 - (ii) in the case of a meeting of Directors, in addition to the Directors present at the meeting, any Director in telephonic communication with such meeting shall be counted in the quorum.
- Chairman of Directors
110. The Directors may from time to time elect and remove a Chairman and Deputy Chairman of the Board of Directors and determine the period for which they are respectively to hold office. The Chairman so elected, or in his absence, the Deputy Chairman, shall preside at all Meetings of the Directors but if no such Chairman or Deputy Chairman be elected, or if at any meeting the Chairman or the Deputy Chairman is not present within ten (10) minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be Chairman of the meeting.
- Votes by majority and Chairman to have casting vote
111. Subject to this Constitution, any question arising at any meeting of Directors shall be decided by a majority of votes of the Directors present and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote except where at the meeting only two (2) Directors form a quorum and only such a quorum is present at the meeting or only two (2) Directors are competent to vote on the question at issue.
- Directors may act notwithstanding vacancy
112. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to this Constitution as the necessary quorum of Directors, the continuing Director or Directors except in an emergency, may act for the purpose of increasing the number of Directors to that minimum number or of summoning a general meeting of the Company but for no other purpose.
- Disclosure of interest
113. Every Director shall comply with the provisions of Sections 221 and 219 of the Act in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure, every Director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly, duties or interests might be created in conflict with his duty or interest as a Director of the Company. A general notice in writing, which complies with Section 221(4) of the Act or its equivalent, given to the Board by any Director shall be deemed to be sufficient declaration of interest in relation to the subject matter of the notice.

- Restriction on voting 114. Subject to the Act, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted. A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested.
- Power to vote 115. A Director may vote in respect of:-
- (i) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company;
 - (ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security;
 - (iii) any contract by a director to subscribe for or underwrite shares or debentures of the Company; or
 - (iv) any contract or arrangement with any other company in which he is interested only as an officer of the Company or as a holder of shares or other securities in that company.
- Directors may become Directors of other corporation 116. A Director of the Company may be or become a Director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation which is directly and indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a Director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation, in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be or is about to be appointed a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid.

ALTERNATE DIRECTOR

- Alternate Directors
117. (a) A Director may appoint any other person approved by a majority of his co-Directors to act as his alternate provided that any fee paid by the Company to the alternate shall be deducted from that Director's remuneration. The alternate Director shall not be required to hold any shares in the Company but shall be entitled to receive notices of all meetings and to attend, speak and vote, and be counted for the quorum, and generally to exercise all powers, rights, duties and authorities of the Director appointing him, at any such meeting at which the Director appointing him is not present. For the avoidance of doubt, an alternate Director may not vote nor attend any meeting at which the Director appointing him is present. Any appointment so made may be revoked at any time by the appointor or by a majority of the Directors, and any appointment or revocation under this Constitution shall be effected by notice in writing to be delivered to the Secretary of the Company. An alternate Director shall ipso facto cease to be an alternate Director if his appointor for any reason ceases to be a Director.
- (b) No Director may act as an alternate Director, and a person may not act as an alternate Director for more than one (1) Director.
- (c) If any Director retires by rotation and is re-elected by the meeting or is, pursuant to this Constitution, deemed to be re-elected at the meeting at which such retirement took effect, any appointment made by him of an alternate Director which was in force immediately prior to the appointor's retirement shall continue to operate after such re-election as if the appointor had not so retired.
- (d) Every person acting as an alternate Director shall be an officer of the Company and shall alone be responsible to the Company for his own acts and defaults and he shall not be deemed to be the agent of or for the Director appointing him.

CHIEF EXECUTIVE, EXECUTIVE DIRECTOR AND/OR MANAGING DIRECTOR

- Appointment
118. (a) The Board of Directors shall appoint a chief executive (who may or may not be a member of their body) for such period and upon such terms as it thinks fit, and the Directors may from time to time (subject to the provisions of any contract between him and the Company) remove or dismiss him from office and appoint another in his place.
- (b) The Board may from time to time appoint an executive Director or managing Director or any person holding an equivalent position from among their numbers for such period and upon such terms as it thinks fit. All such persons appointed shall be subject to the control of the Board.

The appointment of any Director to an executive position under this Constitution shall be subject to the same provisions as to resignation and removal as the other Directors and if he ceases to hold the office of Director for any cause shall ipso facto and immediately cease to be an executive Director or managing Director.

- | | | |
|--|------|--|
| Remuneration of chief executive, executive Director, managing Director | 119. | The remuneration of the chief executive, executive Director, managing Director or any person holding an equivalent position, shall, from time to time be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement. |
| Special position to chief executive, executive Director, managing Director | 120. | The chief executive, executive Director, managing Director or any person holding an equivalent position shall act per delegation of the Board of Directors on all matters related to the administration of the Company and shall conduct the business of the Company according to the regulations, policies and decisions of the Board. For that purpose the Directors shall entrust to and confer upon the chief executive, executive Director, managing Director or any person holding an equivalent position for the time being the powers they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient and, from time to time may revoke, withdraw, alter or vary any such powers but subject thereto such chief executive or any person holding an equivalent position shall be subject to the control of the Board. |

COMMITTEES OF DIRECTORS

- | | | |
|--|------|--|
| Power of Directors to appoint committees | 121. | The Directors may establish any committees (including, without limitation, a management committee), local boards or agencies comprising two (2) or more persons for managing any other affairs of the Company either in Malaysia or elsewhere, and may lay down, vary or annul such rules and regulations as they may think fit for the conduct of the business thereof, and may appoint any person or persons to be the member or members of any such committee or local board or agency and may fix their remuneration and may delegate to any such committee or local board or agency any of the powers, authorities and discretion vested in the Directors, with power to sub-delegate, and may authorise the member or members of any such committee or local board or agency or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no persons dealing in good faith and without notice of any such annulment or variation shall be affected thereby. The regulations herein contained for the proceedings of Directors shall so far as not altered by any regulations made by the Directors apply also to the meetings and proceedings of any committee. |
|--|------|--|

- Meeting of Committees 122. (a) Notwithstanding any provisions to the contrary contained in this Constitution, a committee may meet and adjourn as it thinks proper and questions arising at any meeting shall be determined by a majority of votes of the members of such committee present and in the case of any equality of votes, the Chairman shall have a second or casting vote.
- (b) Unless otherwise determined by the Directors from time to time, notice of all committee's meetings shall be given and circulated to all committee members by facsimile, electronic mail or such other communication modes / equipment, unless such requirement is waived by a majority of them. Except in the case of an emergency, reasonable notice of every committee's meeting shall be given in writing. The majority of the committee members may waive notice of any meeting and any such waiver may be retroactive.
- (c) In the event issues requiring the committee's decision arise between meetings, such issues may be resolved through circular resolutions of the committee. Such circular resolution in writing signed by a majority of the committee members shall be deemed valid and effectual if it is signed or approved by letter, facsimile or any electronic means by members of the committee pursuant to this Constitution. All such resolutions shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by her/him in the Company's minute book. Any such resolution may consist of several documents in like form (prepared and circulated by facsimile or electronic mail or other communication modes / equipment), each signed by one (1) or more committee member. An approval by letter or other written means of a proposed resolution in writing (which has been prepared and circulated as aforesaid) signed by a committee member and sent by him by facsimile or electronic mail or other communication modes / equipment shall be deemed to be a document signed by him for the purposes of the foregoing provisions.
- Participation at Committee Meeting by way of telephone and video conference 123. (a) Notwithstanding any provisions to the contrary contained in this Constitution, any member of a committee may participate at a committee meeting by means of a telephone conference or any other audio, or audio visual, communication means which allows all persons participating in the meeting to hear and speak with each other and such committee member shall be regarded for all purposes as personally attending such a meeting and shall be counted in a quorum and be entitled to vote on the resolution tabled at a meeting of the committee.
- (b) Any meeting held in such manner shall be deemed to be held at such place as shall be agreed upon by the committee members attending the meeting PROVIDED that at least one (1) of the members present at the meeting was at such place for the duration of that meeting.

VALIDATION OF ACTS OF DIRECTORS

- Directors' acts to be valid 124. All acts done bona fide by any meeting of the Directors or a committee of Directors or by any person acting as a Director shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they, or any of them were disqualified, or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee as aforesaid and had been entitled to vote.

DIRECTORS' WRITTEN RESOLUTIONS

- Directors' Written resolution 125. A resolution in writing signed by a majority of the Directors for the time being entitled to receive notice of a meeting of the Directors shall be valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted provided that where a Director is not so present but has an alternate who is so present, then such resolution must also be signed by such alternate. All such resolutions shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by her/him in the Company's minute book. Any such resolution may consist of several documents in like form (prepared and circulated by facsimile or electronic mail or other communication modes / equipment), each signed by one (1) or more Director or their alternates. An approval by letter or other written means of a proposed resolution in writing (which has been prepared and circulated as aforesaid) signed by a Director and sent by him by facsimile, telex or telegram or electronic mail or other communication modes / equipment shall be deemed to be a document signed by him for the purposes of the foregoing provisions.

AUTHENTICATION OF DOCUMENTS

- Authentication of documents 126. Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the Constitution of the Company and any resolution passed by the Company or the Directors and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and, where any books, records, documents or accounts are kept elsewhere than in the Office, the local manager or other officer of the Company having custody thereof shall be deemed to be a person appointed by the Directors as aforesaid.
- Conclusive evidence of resolutions and extract of minutes of meetings 127. A document purporting to be a copy of a resolution of the Directors or any extract from the minutes of a meeting of the Directors which is certified as such in accordance with the provisions of Clause 126, shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Directors.

MINUTES AND REGISTERS

- | | | |
|--|------|--|
| Minutes to be entered | 128. | <p>The Directors shall cause minutes to be duly entered in books provided for the purpose: -</p> <ul style="list-style-type: none">(i) of all appointments of Directors and Secretary in accordance to the Act;(ii) of the names of all the Directors present at each meeting of the Directors and of any committee of Directors and of the Company in general meeting;(iii) of all resolutions and proceedings of general meetings and of meetings of the Directors and committee of Directors; and(iv) of all orders made by the Directors and any committee of Directors. <p>Such minutes shall be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting and if so signed, shall be accepted as prima facie evidence without further proof of the facts stated therein.</p> |
| Particulars of Directors, Managers and Secretaries | 129. | <p>The Company shall in accordance with Section 57 of the Act, keep at the Office a register containing such particulars with respect to the Directors, managers and secretaries of the Company as are required by the Act and shall notify the Registrar of any change in such register within fourteen (14) days from the change.</p> |
| Minutes kept at Office | 130. | <p>The books containing the minutes of proceedings of any general meeting shall be kept by the Company at the Office or the principal place of business in Malaysia of the Company and shall be open to the inspection of any Member without charge.</p> |
| Registers to be kept | 131. | <p>The Company shall also keep at the Office or such other place provided notice has been given to the Registrar, the following registers:</p> <ul style="list-style-type: none">(i) a register of substantial shareholders and of information received in pursuance of the requirements under the Act; and(ii) a register of the particulars of each of the Directors' shareholdings and interests as required under the Act. |

SECRETARY

- | | | |
|-----------|------|---|
| Secretary | 132. | <ul style="list-style-type: none">(a) The Secretary or Secretaries shall in accordance with the Act be appointed by the Directors for such term and at such remuneration and upon such conditions as they think fit.(b) The Secretary or Secretaries may resign by giving notice in writing to the Board in accordance to Section 237 of the Act ("Notice"), left at the Office and copies sent to the Directors for the time being at their last known addresses and shall cease to be the Secretary or Secretaries of the Company, on the expiry of thirty (30) days from the date of the Notice lodged with the Board or on the expiry of thirty (30) days from the date of notification to the Registrar of Companies. |
|-----------|------|---|

SEAL

- | | | |
|---|------|---|
| Authority for use of Seal | 133. | (a) The Company may have a Seal. The Directors shall provide for the safe custody of the Seal which shall only be used pursuant to a resolution of the Directors or a committee of the Directors authorising the use of the Seal. The Directors may from time to time (subject to the provisions of Clause 17 in relation to certificates) make such regulations as they think fit determining the persons and the number of such persons in whose presence the Seal shall be affixed and, until otherwise so determined, the Seal shall be affixed in the presence of at least one (1) Director and counter-signed by the Secretary or by a second Director or by some other person appointed by the Directors for the purpose who shall sign every instrument to which the Seal is affixed and the Directors may by resolution determine either generally or in any particular case that the signatures of any Director, the Secretary or such other persons appointed as aforesaid may be affixed or reproduced by facsimile, autographic or other mechanical means provided that the use of such is restricted to a certificate, instrument of transfer or other documents of title in respect of any share, stock, debenture or marketable security created or issued by the Company to be given under the Seal of the Company. The Company may exercise the powers of Sections 61 to 67 of the Act, and such powers are accordingly hereby vested in the Directors. |
| Official seal for share certificate, etc. | (b) | The Company may also have a share seal pursuant to Section 63 of the Act. |

ACCOUNTS AND FINANCIAL STATEMENTS

- | | | |
|---|------|---|
| Keeping and inspection of books of account | 134. | The Directors shall cause proper accounting and other records to be kept whether in a legible or non-legible form and shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounting and other records of the Company or any of them, shall be opened to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or paper of the Company except as conferred by statute or authorised by the Directors or by the Company in general meeting. Subject always to the Act, the books of account or records of operations shall be kept at the Company's Office or at such other place as the Directors think fit and shall always be open to inspection by the Directors. |
| Preparation and circulation of audited financial statements and reports of directors and auditors thereon | 135. | (a) The Directors shall cause to be prepared, sent to every Member and laid before the Company in its annual general meeting, the audited financial statements and the reports of directors and auditors thereon in accordance to the Act. The interval between the close of a financial year of the Company and the issue of such reports shall not exceed four (4) months or such other period as may be allowed by the Act and/or the provisions in the Listing Requirements. |

- (b) A copy of each the audited financial statements and reports of directors and auditors thereon in printed form or in CD-ROM form or in such other form of electronic media or means or any combination thereof as permitted under the Act and the Listing Requirements, shall not less than twenty-one (21) days before the date of the meeting (or such shorter period as may be agreed by all Members entitled to attend and vote at the meeting), be sent to every Member of, and to every holder of debentures of the Company , the auditors of the Company and every person who is entitled to receive notices of general meeting under the provision of the Act or of this Constitution, provided that this Clause shall not require a copy of these documents to be sent to any person of whose address the Company is not aware (or to the several persons entitled thereto in consequence of the death or bankruptcy of the holder or otherwise) and which does not appear on the Record of Depositors or the Register as the case may be, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Office.

- Auditors 136. Auditors shall be appointed in accordance with the provisions of the Act and their duties shall be regulated in accordance with the Act.

DIVIDENDS AND RESERVES

- Distribution of dividends 137. Subject to the provisions of the Act, the Company in general meeting may declare dividend, but no dividend shall exceed the amount recommended by the Directors and the Directors may, if they think fit from time to time pay to the Members such interim dividends as appear to them to be justified by the profits of the Company. No dividend shall be payable otherwise than out of profits of the Company available if the Company is solvent or shall bear interest against the Company.

- Application of profits 138. The Directors may, if they think fit from time to time, pay to the Members such interim dividends as appear to the Directors to be justified by the profits of the Company. If at any time the share capital of the Company is divided into different classes, the Directors may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights, as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Directors act bona fide, they shall not incur any responsibility to the holders of shares conferring any preferential rights for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights. The Directors may also pay half-yearly or at other suitable intervals to be settled by them, any dividend which may be payable at a fixed rate if they are of the opinion that the profits justify the payment.

- Directors may form reserve fund and invest 139. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as reserves which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied, and pending any such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares in the Company) as the Directors may from time to time think fit. The Directors may also without placing the same to reserve, carry forward any profits which they may think prudent not to divide.
- Payment of dividends 140. Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of call shall be treated for the purposes of this Constitution as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.
- Deduction of dividends 141. The Directors may deduct from any dividend payable to any Member, all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company held by him.
- Dividends due may be retained until registration 142. The Directors may retain the dividends payable upon shares in respect of which any person is under the provision as to the transmission of shares hereinbefore contained entitled to become a Member, or which any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.
- Unclaimed dividends 143. The Company shall enter in its register of unclaimed monies, any dividend unclaimed or unaccepted for twelve (12) months after any dividend payment date and the Company shall cause a copy of all such entries in the register to be advertised in the Gazette annually during the month of March and all such entries shall include unclaimed dividends held up to the end of February of that year. All unclaimed or unaccepted dividends which shall remain unpaid by the Company within twelve (12) months from the date of such advertisement shall be paid within fourteen (14) days after expiration of such period of twelve (12) months by the Company to the Consolidated Trust Account and upon such payment, all liability of the Company with respect to such dividends shall thereupon cease. During the period of twelve (12) months from the date of the aforesaid advertisement, all dividends remaining unclaimed may be invested or otherwise made use of by the Directors for the benefit of the Company.
- Payment of Dividends in specie 144. Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus, wholly or partly by the distribution of specific assets and in particular of paid-up shares, debentures or debenture stock of any other company or in any one (1) or more of such ways and the Directors shall give effect to such distribution, the Directors may settle the same as they think expedient, and fix the value for the distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Member upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

- Mode of dividend payment
145. Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder who is named on the Register of Members or to such person and to such address as the holder may in writing direct or by way of telegraphic transfer or electronic transfer or remittance to such account as designated by such holder or the person entitled to such payment. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent and the payment of any such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall operate as a good and full discharge to the Company in respect of the payment represented thereby, notwithstanding that in the case of payment by cheque or warrant, it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant or telegraphic transfer or electronic transfer or remittance shall be sent at the risk of the person entitled to the money thereby represented.

CAPITALISATION OF PROFITS

- Capitalisation of profits by bonus issue etc.
146. The Company in general meeting may upon the recommendation of the Directors resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of the financial statements or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the Members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such Members respectively or paying up in full unissued shares or debentures of the Company to be allotted and distributed, credited as fully paid up to and amongst such Members in the proportion aforesaid, or partly in the one way and partly in the other, and the Directors shall give effect to such resolution.
- Director's duties and powers in capitalisation
147. Whenever such a resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares or debentures if any, and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make such provision by way of crediting the Securities Accounts of the allottees with such shares or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions, and also to authorise any person to enter on behalf of all the Members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation, or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such Members.

LANGUAGE

- Translation 148. Where any accounts, minute books or other records required to be kept by the Act are not kept in the Bahasa Malaysia or English language, the Directors shall cause a true translation of such accounts, minute books and other records to be made from time to time at intervals of not more than seven (7) days and shall cause such translation to be kept with the original accounts, minute books and other records for so long as the original accounts, minute books and other records are required by the Act to be kept.

NOTICES AND/OR DOCUMENTS

- Service of notices and/or documents 149. (a) Notice of all Members meetings of the Company shall be given by the Company to the Members in the manner set out in Clause 62.
- (b) Any notice and/or documents may be served by the Company or the Secretary to the Members either in hard copy or electronic means or partly in hard copy and partly in electronic means, where a notice and/or documents served in hard copy, can either be served personally or through the post in a prepaid letter addressed to the Member at his last known registered address; or where it is served by way of electronic means (including using any other electronic platform maintained by the Company or third parties that can host the information in a secure manner or access by the Members) be transmitted to the last known electronic mail address of the Member; or publishing the notice and/or documents on the Company's website, provided that a notification of the publication of the notice and/or documents on the website via hardcopy or electronic mail or short messaging service has been given in accordance with the Act, stating that:
- the place, date and time of the meeting; and
 - whether the meeting is an annual general meeting.
- Last known address for service (c) A Member's address, electronic mail address and any other contact details provided to Bursa Depository shall be deemed as the last known address, electronic mail address and contact details respectively for the purposes of communication including but not limited to service of notices and/or documents to the Member.

- When service deemed effected
150. (a) Any notice and/or documents shall be deemed to have been served by the Company to a Member:-
- (i) If served by post, shall be deemed to be served on the day the prepaid letter, envelope or wrapper containing such notice or document is posted.
 - (ii) If served by way of electronic means, shall be deemed to have been served on the day it had been transmitted to the last known electronic mail address of the Member; unless the sender receives an automated delivery failure notice after the communication has been transmitted.
 - (iii) If posted on the Company's website, on the date the notice and/or documents is first made available on the Company's website, and it shall be made available throughout the period beginning from the date of the notification referred to in above until the conclusion of the meeting.

In the event that service of a notice and/or document via electronic mail is unsuccessful, the Company must within two (2) market days from discovery of delivery failure, make alternative arrangements for service by serving the notice and/or document in hard copy or any other electronic means.

- (b) A notice, document and/or information served by means of publication in at least one nationally circulated Bahasa Malaysia or English daily newspaper or in writing to the Exchange shall be deemed to have been given or received by the intended recipient when it was first published in such daily newspaper or the Exchange's website.
- (c) The accidental omission to give any notice of any meeting to or the non-receipt of any such notice by any of the members shall not invalidate the proceedings at any general meeting or any resolution passed thereat.

- Notice and/or documents in case of death or bankruptcy
151. A notice and/or documents required to be sent to Members may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a Member by sending it through representatives of the deceased or assignee of the bankrupt or by any like description, at his last known address, in any manner in which the same might have been served if the death or bankruptcy has not occurred. Every person who by operation of law, transfer, transmission or other means whatsoever shall become entitled to any share, shall be bound by every notice and/or document in respect of such share which, prior to his name and/or address being entered in the Register or Record of Depositors, as the case may be, as the registered holder of such share, shall have been duly given to the person from whom he derives the title to such share.

- Who may receive notice of general meeting
152. (a) Notice of every general meeting shall be given in a manner hereinbefore specified to: -
- (i) every Member;
 - (ii) every person entitled to a share in consequence of the death or bankruptcy of a Member who, but for his death or bankruptcy, would be entitled to receive notice of the meeting;
 - (iii) the auditors for the time being of the Company;
 - (iv) the Directors of the Company; and
 - (v) the Stock Exchange.
- (b) All notices and/or documents served for and on behalf of the Company or the Directors shall only be effectual if it bears the name of a Director or the Secretary or a duly authorised officer of the Company and which are issued by order of the Board pursuant to a resolution duly passed by the Board. The signature to any notice to be given by the Company may be written or printed.

WINDING UP

- Distribution of assets in specie
153. If the Company is wound up and the liquidator may, with the sanction of a special resolution of the Company, divide amongst the Members in kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the Members or different classes of Members. The liquidators may, with the like sanction, vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.
- Sharing of loss and excess
154. Save that this Constitution, shall be without prejudice to the rights of holders of shares issued upon special terms and conditions the following provisions shall apply: -
- (i) if the Company shall be wound up and the assets available for distribution among the Members as such, shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up at the commencement of the winding-up, on the shares held by them respectively; and
 - (ii) if in a winding-up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up, the excess shall be distributed among the Members in proportion to the capital paid up, or which ought to have been paid up at the commencement of the winding-up, on the shares held by them respectively.

- Liquidator's fees in voluntary liquidation 155. On the voluntary liquidation of the Company, the liquidator shall be entitled to receive salary or remuneration as prescribed under the rules.

SECURITY CLAUSE

- Secrecy 156. Save as may be provided by the Act, no Member shall be entitled to enter into or upon or inspect any premises or property of the Company nor to require discovery of any information respecting any detail of the Company's trading, manufacturing or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Members of the Company to communicate to the public.

INDEMNITY

- Indemnity and insurance for the Company's officer and auditor 157. Subject to the Applicable Laws, every Director, Auditors, Secretary and other officers (as defined in the Act) for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred or sustained by him in or about the execution of his duties of his office or otherwise in relation thereto, and the Company may effect insurance for such persons against such liability.

ALTERATIONS

- Company may alter or amend constitution 158. Subject to this Constitution, no amendment whether by way of rescission, alteration or addition shall be made to this Constitution unless the same has been passed by a special resolution.

EFFECT OF THE LISTING REQUIREMENTS

- Effect of the Listing Requirements 159. (a) Notwithstanding anything contained in this Constitution, if the Listing Requirements prohibit an act being done, the act shall not be done.
(b) Nothing contained in this Constitution prevents an act being done that the Listing Requirements require to be done.
(c) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).
(d) If the Listing Requirements require this Constitution to contain a provision and they do not contain such a provision, this Constitution is deemed to contain that provision.
(e) If the Listing Requirements require this Constitution not to contain a provision and they contain such a provision, this Constitution is deemed not to contain that provision.
(f) If any provision of this Constitution is or becomes inconsistent with the Listing Requirements, this Constitution is deemed not to contain that provision to the extent of the inconsistency.

- (g) Notwithstanding anything contained in this Constitution, nothing herein contained shall prevent the Directors from applying to the Exchange for a waiver from compliance or observance of any of the Listing Requirements. In the event the compliance or observance of such Listing Requirements are waived by the Exchange, the Company shall not be required to comply with any of this Constitution relating to those Listing Requirements in respect of which compliance or observance has been waived by the Exchange.