AWC Berhad

TOWARDS SUSTAINABLE GROWTH

annual report 2011

TOWARDS SUSTAINABLE GROWTH

Today AWC Berhad has become a leading Engineering Services Group in Malaysia with a regional presence in Asia and the Middle East. As we continue our growth to greater heights, we are committed to deliver sustainability in what we do. A sustained level of business operations and growth will be balanced with our belief of protecting the environment and capitalising on new green technologies and methods in providing our business the competitive advantage. We are committed to contribute towards a resourced efficient, green and more sustainable future.

• Facilities • Engineering
• Technology • Environment

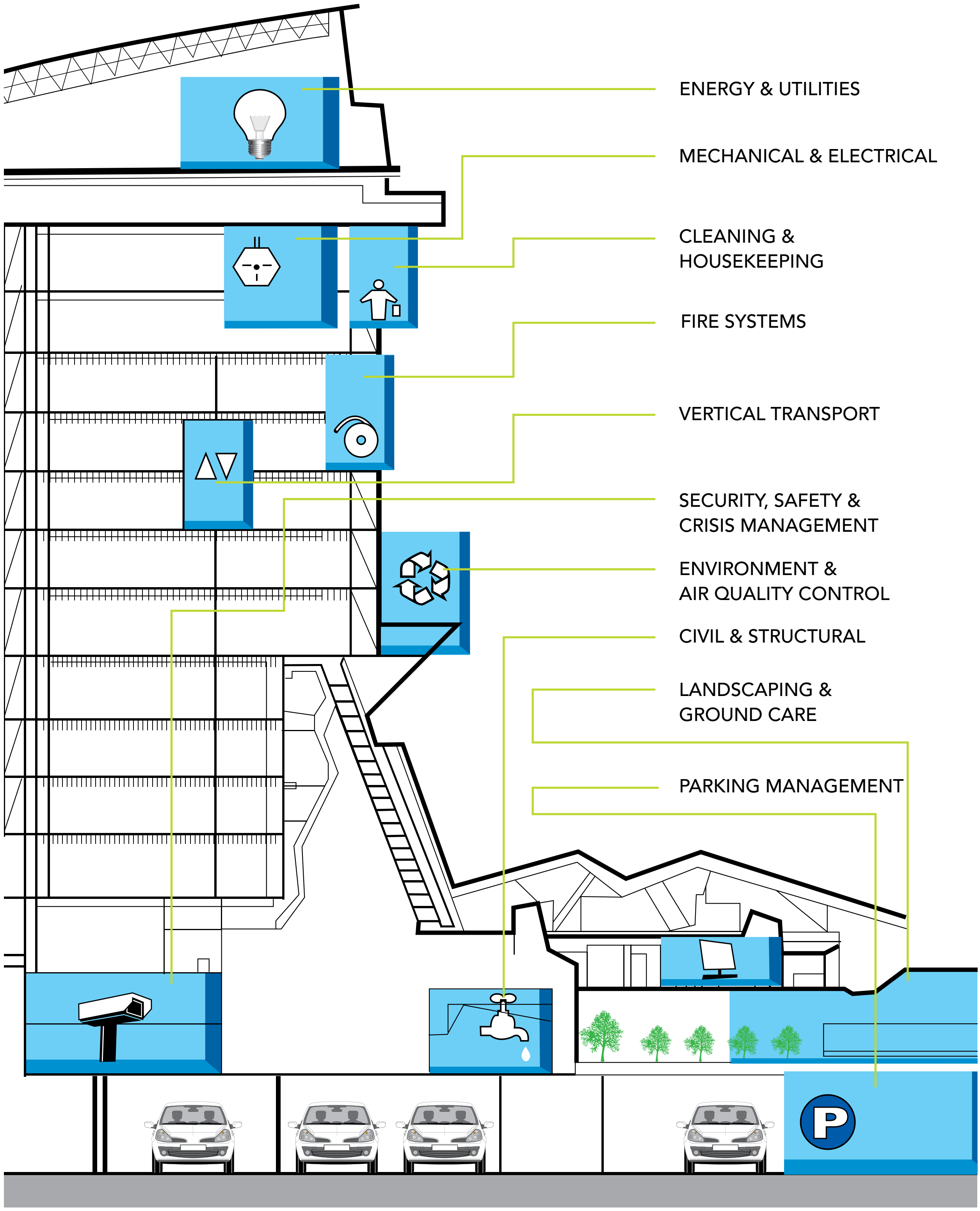
ANNUAL REPORT 2011

AWC Berhad ("AWC") is an investment holding company specialising in quality engineering services. We are an international leader in the design and supply of automated pneumatic waste collection system (AWCS) with a proven track record in Malaysia, Singapore and the Middle East. AWC is also one of the few players able to provide total asset management services such as integrated facilities management and engineering services to building owners. Known for harnessing new technology, AWC is also involved in renewable energy and is at the forefront of green building services offering energy management, green building consultancy services and solar photovoltaics.

AWC FACILITIES

As Malaysia's leading total asset management services provider, AWC Facilities is known for providing reliable and consistent services, without compromising on safety and quality. Credentials include several landmark government and commercial buildings across the country.

AWC FACILITIES



AWC is the premier provider of total asset management and integrated facilities management services, whose hallmark is commitment to quality, consistency and safety.

Facility management began as a division in 1993. Since then we nurtured a team that now has proven experience, and harnessed the power of technology to achieve optimum operational, environmental and financial efficiencies in building management.

Our comprehensive range of services encompasses planning and consultation right through to the execution, management and maintenance of facilities.

ENERGY & UTILITIES
Integrating lighting and energy systems to better manage power utilisation and costs.

MECHANICAL & ELECTRICAL
Provide services for building and emergency power distribution, HVAC, fire fighting and vertical transport.

CLEANING & HOUSEKEEPING
Cleaning and housekeeping services that include janitorial services, pest control services, high-rise cleaning and central vacuum systems.

FIRE SYSTEMS
Provide customised and comprehensive services for both fire protection and fire suppression systems. Services include maintenance of a full line of portable and fixed fire extinguishers, fire alarms, fire detection systems and its related control mechanisms.

VERTICAL TRANSPORT
Ensure all vertical transports (i.e. lifts, escalators, gondolas and skyjacks) are safe and in good working condition at all times, through periodic & scheduled maintenance which include inspection and certification by relevant authorities.

SECURITY, SAFETY & CRISIS MANAGEMENT
Designing and installing digital video recorder systems as part of CCTV systems.

ENVIRONMENT & AIR QUALITY CONTROL
Provide services pertaining to environment and air quality control to ensure maximum comfort and a healthy working environment, as well as compliance to environmental requirements.

CIVIL & STRUCTURAL
Undertake civil and structural repairs, maintenance, upgrading and refurbishment works. Services include carpentry, plumbing and piping maintenance for the entire building. These services ensure that the building structure is constantly in good condition thus enhancing the value of the property.

LANDSCAPING & GROUND CARE
Provide landscape designs, installations and maintenance for grounds, streets and boulevards for buildings and developments. Our commitment to quality ensures that clients get the most value from their landscape investment to help maximise property marketability.

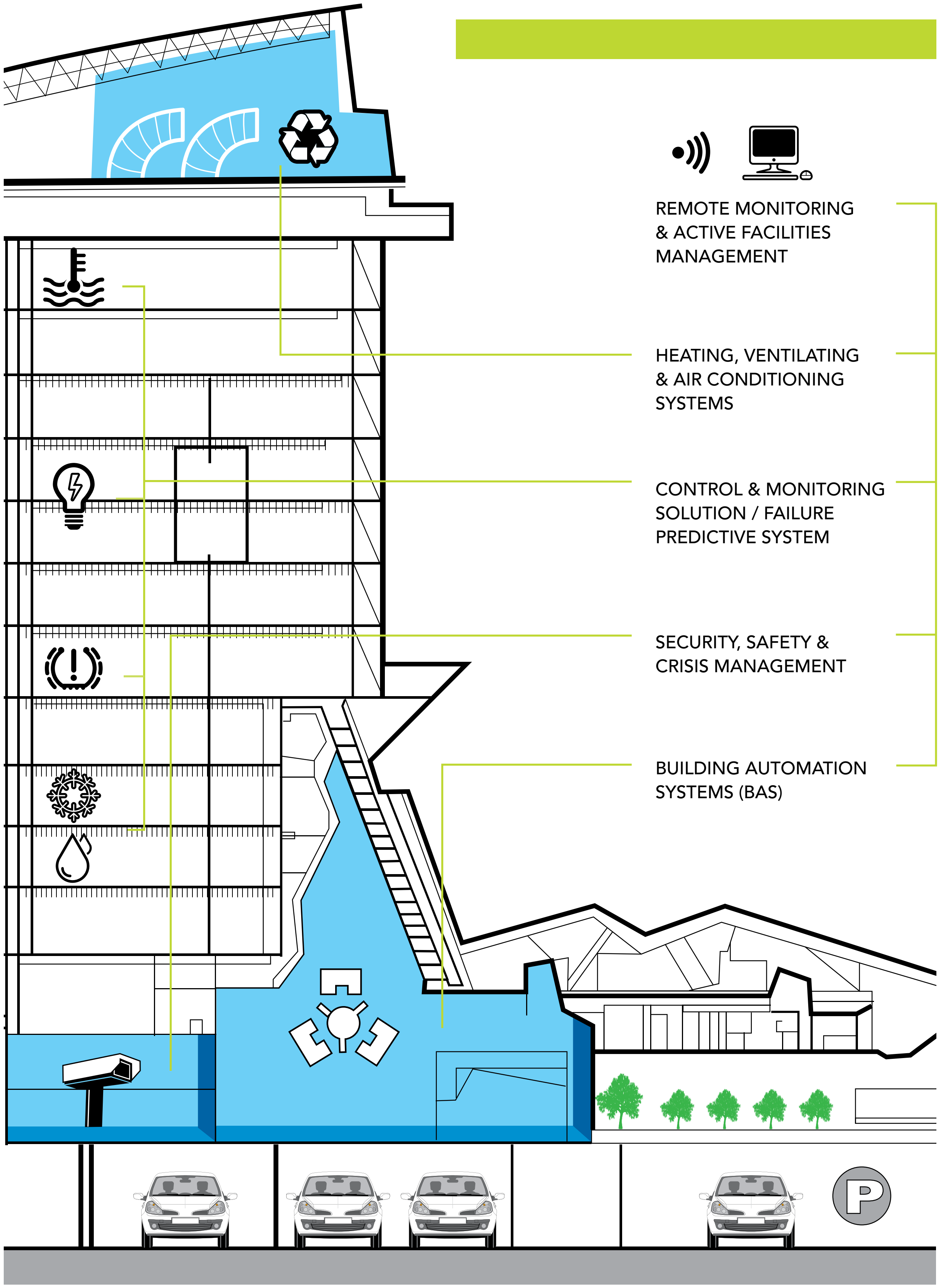
PARKING MANAGEMENT
Operate and manage parking and its related services which include traffic f ow optimisation, maintenance and calibration of auto pay system, surface and multi-level parking facilities, valet and special event parking, parking notice and collection services.

Powered by AWC Converge, we are able to provide real-time systems monitoring, building intelligence and remote efficiency controls.

AWC ENGINEERING

A leader in Building Management Systems, AWC Engineering provides integration of key facility systems that manage electrical distribution, lighting, air conditioning and security. Its specialisations include heating, ventilation & air conditioning control systems (HVAC), hydronic balancing systems and industrial cooling systems. It is also a top distributor of valves and represents several international brands for HVAC and hydronics systems.

AWC ENGINEERING



AWC Engineering is the main distributor for several international brands of building controls, engineering components and systems for more than 25 years. This is testimony to our principals' confidence in the company's financial stability and marketing competency

Our Hydronics Balancing Valves and Building Automation System for HVAC services has been successfully implemented in specific segment industries, including Green Buildings, Commercial Offices, Banking Industries, Data Centres, Universities, Government Buildings, Healthcare, Hospitality, Hi-Tech Industries, Life Sciences, Retail, Transportation Hubs and District Cooling Plants.

With today's high operating cost for buildings, we have implemented various conventional multiple system monitoring into 'One' Integrated Control and Monitoring System. AWC Engineering is specialised in customising a total control and monitoring solution for all types of specific industries.

We are well positioned to provide quality facility management as we have control of the supply chain, i.e. from sourcing of products to consultation, planning, monitoring, testing and commissioning and maintaining systems that collectively contribute towards quality building usage and care.

HEATING, VENTILATING & AIR CONDITIONING SYSTEMS
Installing, monitoring and maintaining air conditioning control systems, hydronic balancing systems and district cooling systems.

SECURITY, SAFETY & CRISIS MANAGEMENT
Designing and installing digital video recorder systems as part of CCTV systems.

BUILDING AUTOMATION SYSTEMS
Installing, monitoring and maintaining comprehensive computerised systems for the integration and automation of building systems such as lighting, air conditioning & ventilating systems, lift systems and security & access control.

AWC RESOURCE DATA MANAGEMENT ASIA

RESOURCE DATA MANAGEMENT ASIA ("RDM Asia")

RDM Asia, a collaboration between AWC and the award winning Resource Data Management UK now provides pro-environment solutions in refrigeration, air-conditioning, light and energy management and control device for time, pressure, humidity and temperature to a variety of businesses and industries. Besides assisting our customers in reducing energy cost by providing preventive, control and automated management of equipment solutions, we also assist them in reducing their carbon emissions and thus their carbon footprint.

Our products and services targets companies with high energy consumption such as supermarkets/retailers, logistic firms, hospitals, pharmacies, food and beverage manufacturers, medical equipment manufacturers and other facilities that require automated controls and management.

The energy management solutions are considered as green technology and qualify for the E.C.A Energy Technology List in the United Kingdom, a UK's government initiative that rewards businesses with enhanced tax relief for investments in equipment that meets published energy savings criteria.

Our solutions are widely used in Europe, United States and other developed countries due to higher energy cost and environmental awareness. The solutions now offered by RDM Asia are installed in over 10,000 sites around the world.

RDM Asia will be the first to offer these cutting edge technologies in Malaysia and the region. We are excited of the prospects given the push towards environmental sustainability and cost competitiveness where energy cost makes up a significant opportunity for management and reduction.

The products and services offered by RDM Asia are as follows:-

1. **CONTROL & MONITORING SOLUTION / FAILURE PREDICTIVE SYSTEM**
   Our control solution measures, controls and manages energy usages for lighting, refrigeration, air-conditioning, temperature and humidity. In short it can be used whenever energy awareness is required for storage, production process or just plainly for cost control. As a failure prediction system it can minimise breakdowns and expensive repairs of equipment. It comes in modular design, highly scalable and flexible for customisation to the needs of its users. As such it is highly cost effective enabling faster return of investments.

2. **REMOTE MONITORING**
   Facilities installed with our Remote Solutions also come with 24-hour real time remote monitoring. Our team can access the data in the facilities via standard telephone lines or the internet so that we can take the appropriate actions depending on the nature of the problems and customers' instructions. Our system is fully transparent and allows customers access for monitoring and decision making.

3. **ACTIVE FACILITIES MANAGEMENT ("ActiveFM")**
   Our ActiveFM is a system designed to monitor sites with real time information flowing into our control centre via the internet. The information continuously flows into our database and the system built-in intelligence can sort and sift all the data. It can even retrieve additional data from the controllers installed at sites. As such it has these benefits:-

   i. **Intelligent Use of Information**

      - Place service calls, call up routine maintenance or adjust control parameters to overcome short-term problems.
      - Create a job audit trail with job number and details of the job ordered and constantly monitor and update the status of the job until completion. This allows for real-time review and for critical decision making.

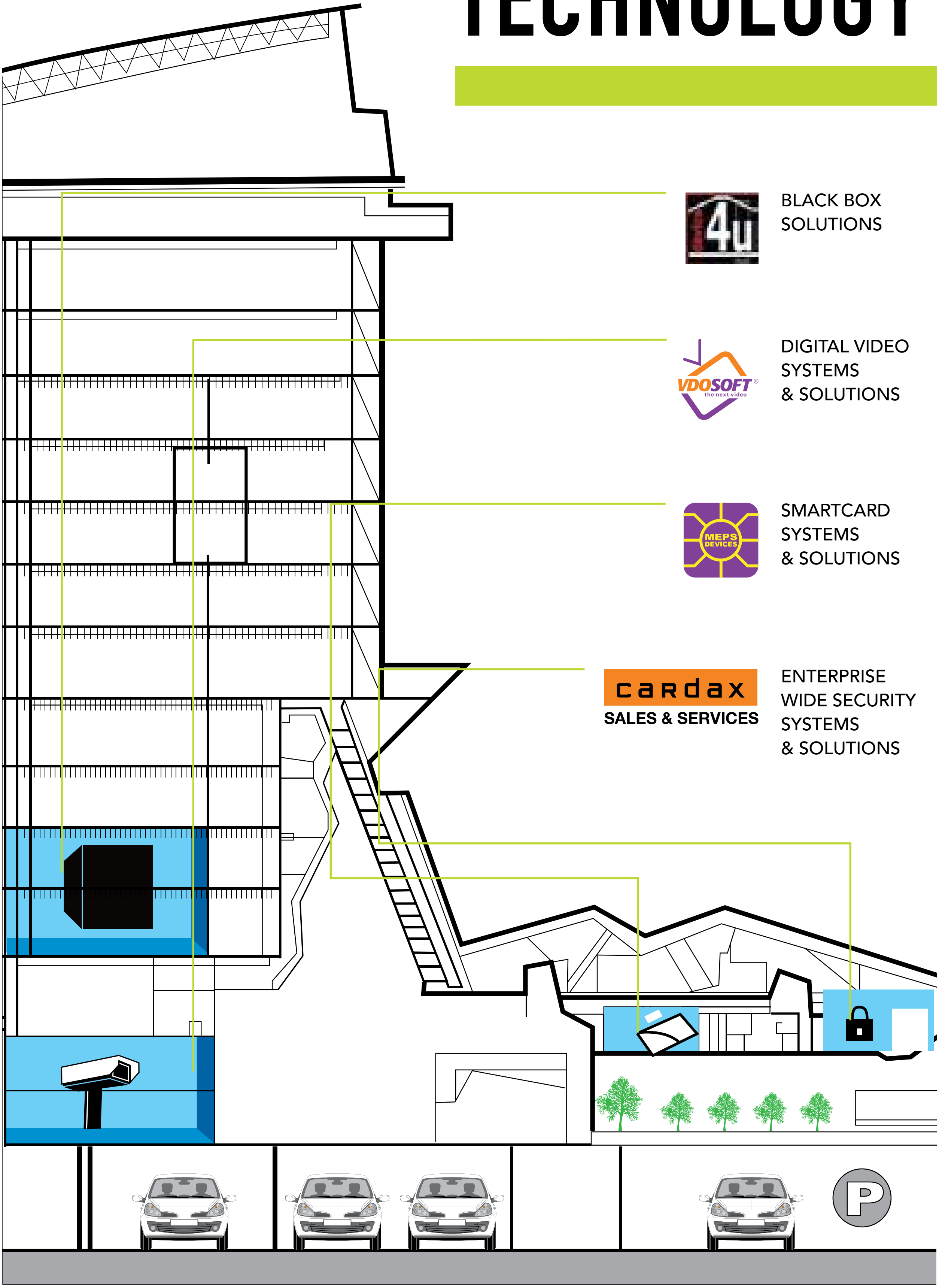
   ii. **Life Cycle Costing**
      Since our controllers are designed to send data to ActiveFM, it is now able to provide information on every service call and register every service cost. This enables our customers to have the exact cost over the lifetime for each and every fixture. As a result Life Cycle Costing is now a reality.

4. **TECHNICAL SUPPORT & TRAINING**
   If required we also provide full technical support and free training for our Control & Monitoring Solution.

AWC TECHNOLOGY

AWC Technology provides state-of-the-art solutions to building owners, both local and international. It undertakes turnkey research & development for micro electronics, software products, consumer electronics products and security related products. Among the products offered are video technology, smart card technology and comprehensive access control & surveillance systems.

AWC TECHNOLOGY



AWC harnesses technology to deliver customer-centric solutions.

We engage in the continuous quest for new and innovative technologies on behalf of customers – niche, complex, small and large. Our journey so far has led us to source, install, monitor and maintain micro electronics systems, intelligent building systems, video and smart card technologies and comprehensive access control & monitoring systems.

BLACK BOX SOLUTIONS

- Digital Electronic Ballast
- Advanced People Counter
- Advanced Power over Ethernet
- Intelligent Power Supplies
- Wireless Interface (RFID)

DIGITAL VIDEO SYSTEMS & SOLUTIONS

- Superior Quality Video Management Software
- State-of-the-Art Video Encoders/Decoders and Video Analytics (IP Servers)
- High Compression and Storage Embedded DVRs
- High Density Video Matrix
- Cost Effective Transceiver System with an environmentally-friendly "Green Approach"

SMARTCARD SYSTEMS & SOLUTIONS

- SmartCard Parking Solutions
- SmartCard Visitor Management System with Facial Recognition Technology
- SmartCard Payment Solutions Enterprise

ENTERPRISE WIDE SECURITY SYSTEMS & SOLUTIONS

- Enterprise-Wide Command
- Information Management Control
- Monitoring System

AWC ENVIRONMENT

AWC's proprietary brand STREAM uses the breakthrough pneumatic technology for waste collection. Its pneumatic waste conveying system transports municipal or household waste at high speeds via reticulated pipes to a central waste handling facility. Quick, clean and convenient, it is gaining ground in Malaysia, Singapore and the Middle East as the way forward in sustainable development.

AWC ENVIRONMENT

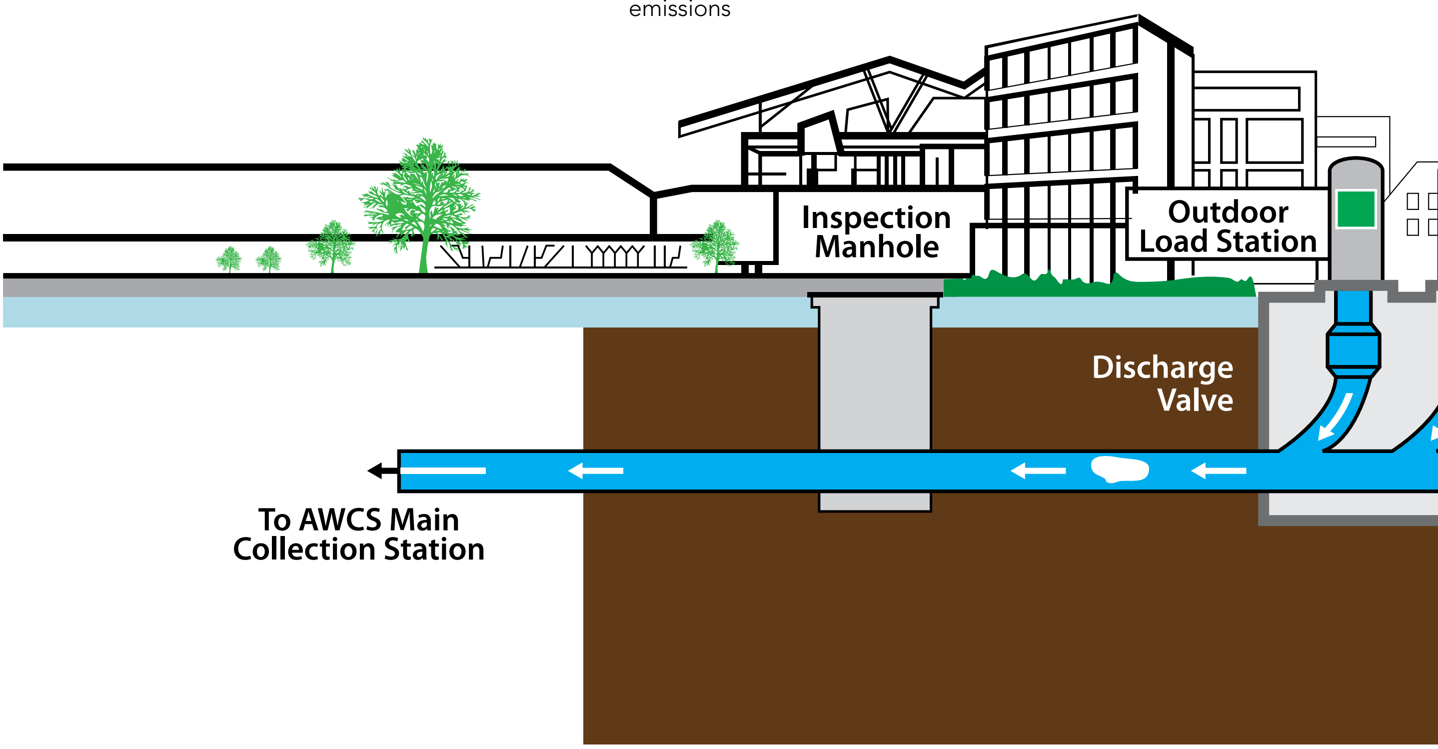
AWC is proud to play a pivotal role in striking a balance between environmental considerations and economic needs. Our green technological edge comes from "STREAM", the proprietary Made-in-Malaysia automated pneumatic waste collection system that has won kudos for its environmentally-friendly solution to waste management.

Using pneumatic technology, STREAM transports municipal solid waste (MSW) at high speeds through underground or surface pipes to a central waste handling facility where it is collected and compacted into sealed containers that are then removed periodically to either sorting facilities, landfills or incinerators. Waste can be moved over a distance of more than two kilometres and the consolidation of waste from several buildings means that waste leaves the premises within 2-3 hours after being thrown into the vertical chutes in the respective buildings. Best suited for new developments, STREAM is hygienic, effective and secure. In the longer term, it lowers the operating costs of waste collection.

STREAM™
AUTOMATED WASTE COLLECTION SYSTEMS

STREAM AWCS

- Large catchment area of up to 2.2km radius
- Removal of municipal solid waste through underground pipe networks
- Automated waste separation systems
- Single or multiple 30-ton module collection stations
- Consolidated waste collection decreases the time the waste remains within the development/building
- Frequent removal improves hygiene; reduces pest and odour problems
- Less truck movement, better security, lower carbon emissions

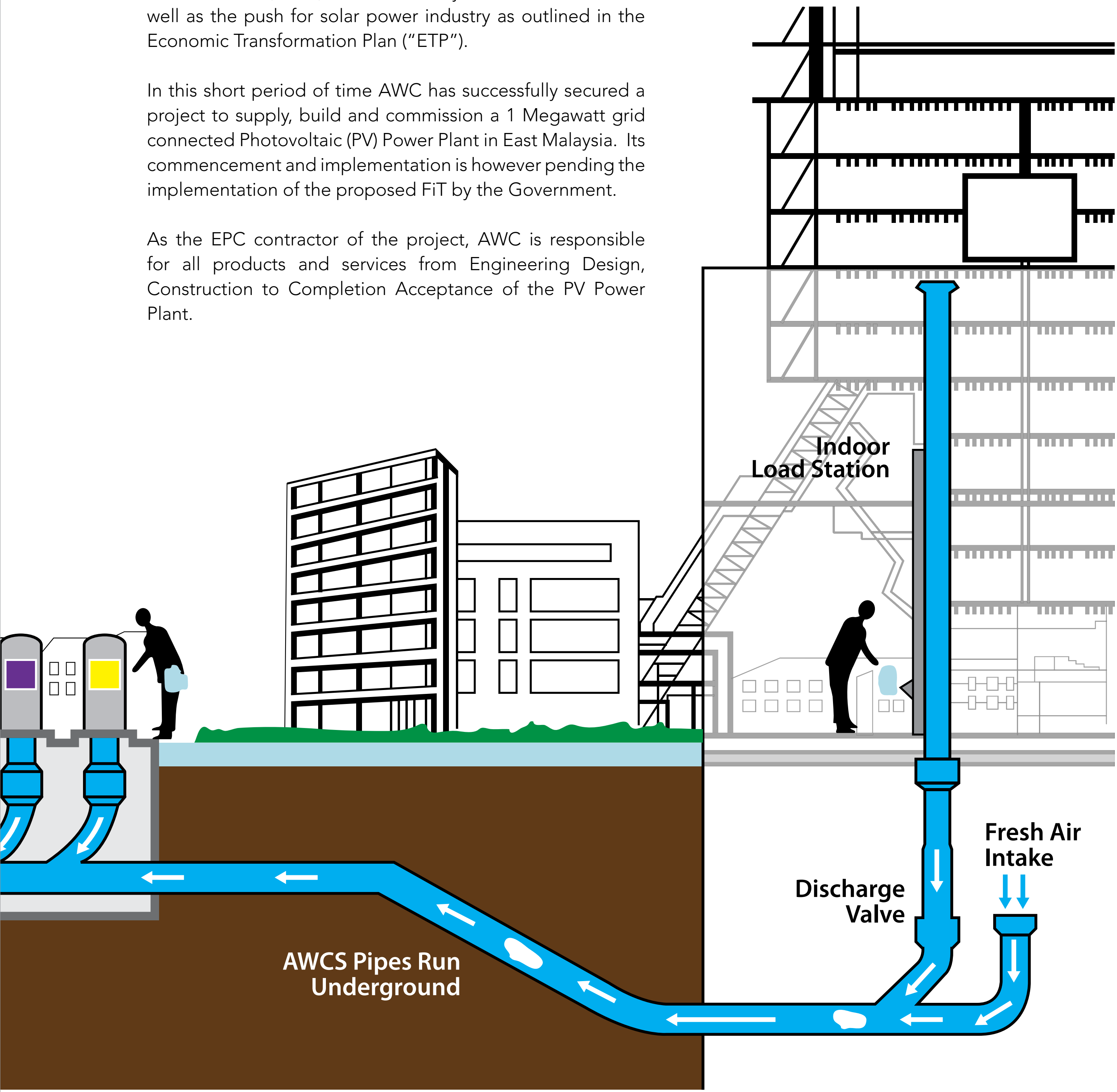


RENEWABLE ENERGY

In November 2010 AWC embarked on a new venture to tap into the huge potential of the renewable energy sector. This strategic move is in line with the company's belief in Green Growth and the much anticipated implementation of the Feed-in-Tariff ("FiT") mechanism by the Government as well as the push for solar power industry as outlined in the Economic Transformation Plan ("ETP").

In this short period of time AWC has successfully secured a project to supply, build and commission a 1 Megawatt grid connected Photovoltaic (PV) Power Plant in East Malaysia. Its commencement and implementation is however pending the implementation of the proposed FiT by the Government.

As the EPC contractor of the project, AWC is responsible for all products and services from Engineering Design, Construction to Completion Acceptance of the PV Power Plant.



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GROUP STRUCTURE

AWC

FACILITIES

- Ambang Wira Sdn Bhd (100%)
- AW Facility Management Sdn Bhd (100%)
- Environmental & Landscape Services Sdn Bhd (100%)
- AWC Facilities Engineering Sdn Bhd (75%) ⓕ
  - AWC Facilities Management (India) Private Limited (100%) ⓗ

ENGINEERING

- M & C Engineering and Trading Sdn Bhd (100%) ⓓ
- M & C Engineering and Trading (S) Pte Ltd (100%) ⓔ ⓘ
- Resource Data Management Asia Sdn Bhd (70%) ⓕ

TECHNOLOGY

- Infinite QL Sdn Bhd (51%)
  - Vdosoft Sdn Bhd (100%)
  - Cardax Sales & Services Sdn Bhd (100%)
  - MEPS Devices Sdn Bhd (100%)
  - Device 4U Sdn Bhd (100%)
  - IQL Consulting Sdn Bhd (100%)

ENVIRONMENT

- Nexaldes Sdn Bhd (51%)
  - Stream Environment Sdn Bhd (100%)
  - Nexaldes (S) Pte Ltd (100%) ⓘ
  - Nexaldes Sdn Bhd (Abu Dhabi) ⓐ
  - Nexaldes Sdn Bhd (Qatar) ⓑ
  - Stream FZE (100%) ⓒ
    - Multi Link Environmental Services LLC (33%) ⓖ
  - Stream Industries Sdn Bhd (100%)
  - Beam Central Vacuum Systems (M) Sdn Bhd (100%)
  - Premium Patents Sdn Bhd (49%)
- AWC Solamas Sdn Bhd (51%)

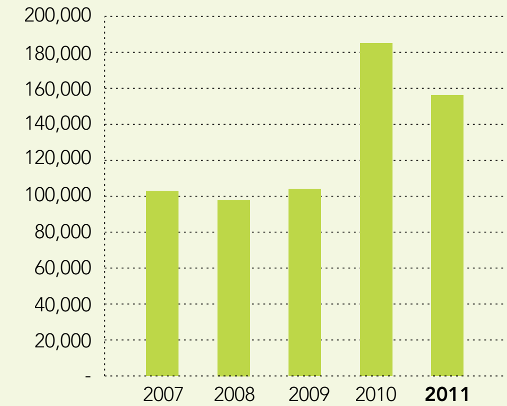
Facilities Division
Engineering Division
Technology Division
Environmental Division

ⓐ Nexaldes Abu Dhabi Branch Office
ⓑ Nexaldes Qatar Branch Office
ⓒ Free Zone Company, United Arab Emirates
ⓓ 15% interest held via Ambang Wira Sdn Bhd
ⓔ 51% interest held via M & C Engineering and Trading Sdn Bhd
ⓕ 1% interest held via AW Facility Management Sdn Bhd
ⓖ Incorporated in Abu Dhabi, United Arab Emirates
ⓗ Incorporated in India
ⓘ Incorporated in Singapore

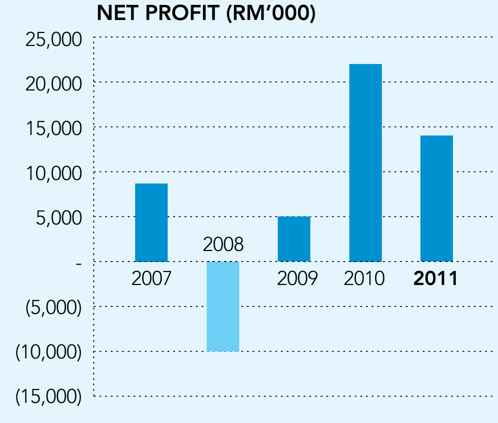
FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 30 JUNE	CONSOLIDATED / GROUP 2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000
Statement of Comprehensive Income Highlights:					
Revenue	107,158	98,098	103,143	184,755	**153,902**
Profit/(Loss) From Operations	12,636	(9,375)	7,360	27,414	**16,697**
Profit/(Loss) Before Taxation	11,857	(9,665)	6,843	27,082	**16,430**
Net Profit/(Loss) For The Financial Year	8,607	(9,950)	5,191	22,109	**13,751**
Net Profit/(Loss) Attributable to Equity Holders of The Company	6,167	(9,831)	3,191	11,819	**8,266**
Earnings/(Loss) Per Share (sen)	2.7	(4.3)	1.4	5.2	**3.7**
Gross Dividend Per Share (sen)	Nil	Nil	Nil	1.0	**2.0**
Statement of Financial Position Highlights:					
Share Capital	114,340	114,340	114,340	114,340	**68,604**
Shareholders' Equity	65,508	55,614	59,130	69,949	**71,512**
Total Assets	120,739	103,490	115,844	171,449	**167,602**
Debt/Equity Ratio	0.13	0.18	0.17	0.11	**0.11**
Current Ratio	2.2	2.7	2.4	2.0	**2.1**
Net Assets Per Share (sen)	28.8	24.5	26.1	30.9	**31.7**

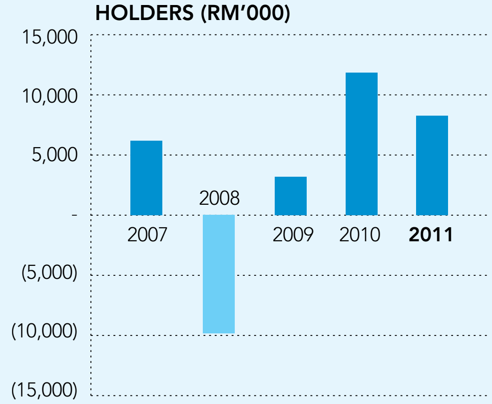
REVENUE (RM'000)



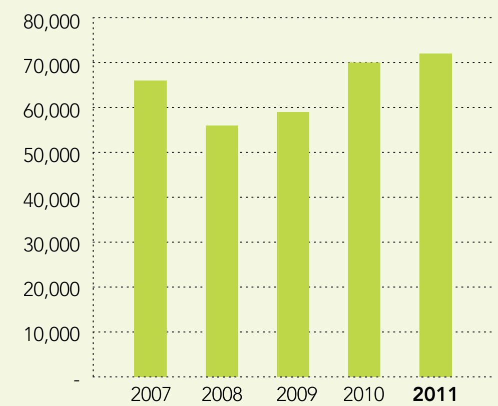
NET PROFIT (RM'000)



NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS (RM'000)



SHAREHOLDERS' EQUITY (RM'000)



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Dato' Ahmad Kabeer bin Mohamed Nagoor
Non-Independent
Non-Executive Deputy Chairman

Azmir Merican bin Dato' Azmi Merican
Group Chief Executive/
Managing Director

Datuk Syed Hussian bin Syed Junid
Independent
Non-Executive Director

Dato' Sulaiman bin Mohd Yusof
Independent
Non-Executive Director

Roslan bin Mohd Latif
Independent
Non-Executive Director

N Chanthiran A/L Nagappan
Independent
Non-Executive Director

COMPANY SECRETARIES

Tea Sor Hua
(MACS 01324)

Chan Bee Fang
(MAICSA 7032385)

REMUNERATION COMMITTEE

Dato' Ahmad Kabeer bin Mohamed Nagoor
Chairman

Dato' Nik Mod Amin bin Nik Abd Majid

Dato' Sulaiman bin Mohd Yusof

NOMINATION COMMITTEE

Dato' Nik Mod Amin bin Nik Abd Majid
Chairman

Dato' Ahmad Kabeer bin Mohamed Nagoor

Roslan bin Mohd Latif

EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Dato' Ahmad Kabeer bin Mohamed Nagoor
Chairman

Azmir Merican bin Dato' Azmi Merican

N Chanthiran A/L Nagappan

AUDIT COMMITTEE

Dato' Sulaiman bin Mohd Yusof
Chairman

Roslan bin Mohd Latif

N Chanthiran A/L Nagappan

REGISTERED OFFICE

Third Floor, No.79 (Room A)
Jalan SS21/60 Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7728 4778
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

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2264 3883
Fax : 03-2282 1886

PRINCIPAL BANKERS

Standard Chartered Bank Malaysia Berhad

Malayan Banking Berhad

HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

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

AUDITORS

Crowe Horwath
Chartered Accountants
(AF : 1018)

BOARD OF DIRECTORS

DATO' NIK MOD AMIN BIN NIK ABD MAJID

Dato' Nik Mod Amin bin Nik Abd Majid, a Malaysian, aged 58, was appointed to the Board on 1 September 2009 as an Independent Non-Executive Chairman. He is the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. He 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 (previously known as The Royal Mint Exchange Sdn Bhd). The company's activities include the provision of services in area of microcredit, micropayments, retail investments, debt management and financial consultancy.

He also has more than 25 years of banking experience with various financial institutions including Maybank Berhad and Affin Bank Berhad. He is also the former Chief Executive Officer for BSN Commercial Bank Berhad 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 a panel of consultants for Perbadanan Nasional in the Franchise Development Programme.

He is also currently a Board Member of Universiti Utara Malaysia.

DATO' AHMAD KABEER BIN MOHAMED NAGOOR

Dato' Ahmad Kabeerbin Mohamed Nagoor, a Malaysian, aged 54 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 Deputy Chairman of AWC. He is the Chairman of the Remuneration Committee and Employees' Share Option Scheme Committee and is a member of the Nomination Committee of the Company.

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

He is a substantial shareholder of the Company. He is also the Executive Chairman of AKN Technology Bhd. and is involved in the daily operations.

AZMIR MERICAN

Azmir Merican, a Malaysian, aged 40 joined AWC Berhad on 13 August 2007 as its Group Chief Executive/ Managing Director. Azmir Merican holds a Bachelor's Degree in Business Administration majoring in finance from the Haworth School of Business, Western Michigan University, USA.

Azmir brings along with him a wealth of cross functional experience and expertise in various industries from his previous experience in private equity and financial advisory. Prior to AWC, he was a key member of the Private Equity Division of CIMB Investment Bank Berhad which was responsible for the bank's entry into the private equity industry. He was involved in various aspects of the private equity business including fund structuring, fundraising, investment evaluation and deal structuring, monitoring and execution of divestment plans. He was involved with several portfolio companies in developing and implementing post investment business plans.

Prior to joining CIMB, he was a manager in consulting arm of PricewaterhouseCoopers specialising in corporate finance advisory. He undertook various assignments in large corporations and institutions involved in construction and engineering, real estate development, plantations, manufacturing, oil & gas, venture capital, fund management and stockbroking.

Azmir started his career with the Maybank group where he was part of the team which help established Maybank's venture capital and private equity arm.

Azmir was a past recipient of the Outstanding Entrepreneur Award at the 2010 Asia Pacific Entrepreneurship Award by Enterprise Asia.

BOARD OF DIRECTORS

DATUK SYED HUSSIAN BIN SYED JUNID

Datuk Syed Hussian bin Syed Junid, a Malaysian, aged 51 was appointed as an Independent Non-Executive Director on 5 September 2011. Datuk Syed Hussian started his career with The American Malaysian Insurance Sdn Bhd as a Trainee Executive in 1982. In 1986, he was promoted as the Penang Branch Manager. Later in 1989, he was promoted as the Regional Manager covering Penang, Perlis, Kedah and Perak. Currently he is the Senior Director of Business Operations & Sales Support for Asia in Western Digital Sdn Bhd, a company involved in the manufacture of hard-disc drives. He also sits on the board of various other private limited companies.

He currently sits on the Board of Efficient E-Solutions Berhad as an Independent Non-Executive Director.

DATO' SULAIMAN BIN MOHD YUSOF

Dato' Sulaiman bin Mohd Yusof, a Malaysian, aged 60 was appointed to the Board on 9 January 2008 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee of the Company and a member of the Remuneration Committee of the Company.

Dato' Sulaiman also sits on the Board of Syarikat Takaful Malaysia Berhad.

Dato' Sulaiman joined the Royal Malaysian Police in 1969 and has over 37 years of experience and has been exposed to Criminal Investigation, Detection of Drug Trafficker/Preventive Laws and was mainly responsible for commercial crime investigation (white collar crime) including credit card fraud, banking, insurance, association, computer and cyber crime. He was appointed Deputy Director of the Narcotics Department of the Royal Malaysian Police in 2003 and became Chief Police Officer of Negeri Sembilan in 2004 and Deputy Director of the Commercial Crime Investigation Department of the Royal Malaysian Police in 2005 and subsequently served as the Chief Police Officer of Kuala Lumpur with the rank of Deputy Commissioner in 2006.

Dato' Sulaiman obtained his Bachelor of Law (LLB) University of Buckingham, England in 1984 after which in 1986, he qualified as Advocate and Solicitor High Court Malaya. He is currently a Managing Partner of Sulaiman, Jamella & Clement Advocates & Solicitors.

ROSLAN BIN MOHD LATIF

Roslan bin Mohd Latif, a Malaysian, aged 56 was appointed to the Board as an Independent Non-Executive Director on 26 February 2007. He is a member of the Audit Committee and Nomination Committee of the Company. He is a Diploma Holder from ITM in 1977 before pursuing a Bachelor and Masters Degree in US from 1979 to 1983. He attended the Advanced Management Program in Denver, Colorado (1985) and Advance Masters in Business Practice from the University of South Australia in 2010 and currently pursuing the DBA program.

Roslan has more than 30 years working experience in marketing, education, project management and training with several organisations namely Majlis Amanah Rakyat (MARA), Permodalan Nasional Berhad (PNB), Kontena Nasional, MESB Berhad, Global Fabricators and Warisan Movers.

He sits as an Independent Director in Ramunia Holdings Berhad, Board of Trustee of ALMA Education Foundation, President of ALMA, Yang Di Pertua Kelab WARISAN Malaysia (KERIS) and Chairman of Koperasi Warisan Malaysia (KOWARIS). He is currently attached to the Office of Minister of Youth and Sports as the Special Officer to Minister.

N CHANTHIRAN A/L NAGAPPAN

N Chanthiran A/L Nagappan, a Malaysian, aged 47 was appointed to the Board on 9 January 2008 as an Independent Non-Executive Director. He is also a member of the Audit Committee and Employees' Share Option Scheme Committee.

He holds a Bachelor's Degree (Honours) in Accounting from University of Malaya and he is a member of the Malaysian Institute of Certified Public Accountants. He is a qualified Chartered Accountant, a Certified Risk Professional (CRP) and Certified Financial Planner (CFP).

Chanthiran has over 20 years of corporate finance experience in the areas of listing, financial and corporate restructuring, mergers and acquisitions. He was appointed to the Board of Magna Prima Berhad in 2002 where he served as one of the Directors until March 2005 upon which he was appointed as Chief Operating Officer. He currently sits on the board of Key Asic Berhad as a Non-Executive Director. He also served as Executive Director of Lityan Holdings Berhad from October 2007 to October 2009. He is also a partner of Chanthiran & Co and C H & Associates.

Note:

1. None of the above Directors have family relationships with any Directors or major shareholders of AWC 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 personal interest in any business arrangement involving the Company and all the Directors have had no convictions for offences other than traffic offences in the past ten years.

TUAN FAREZUDDEEN AHMAD

Managing Director,
Facilities Division

RONALD CHOW

Group Financial
Controller

JEFFREY LIM SEE BOON

Managing Director,
Engineering Division

THE MANAGEMENT TEAM

AZMIR MERICAN

Group Chief Executive /
Managing Director

JASON GAN GEOK SOON

Executive Director,
Environment Division

SRI SKANDA RAJAH

Managing Director,
Environment Division

MESSAGE FROM THE CHAIRMAN

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DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS (BOARD) OF AWC BERHAD (AWC) I AM PLEASED TO PRESENT THE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (FYE 2011). THE FINANCIAL YEAR UNDER REVIEW PRODUCED MIXED RESULTS, BUT THE PERFORMANCE WAS NONETHELESS SATISFACTORY, GIVEN THE CONSIDERABLY VOLATILE ECONOMIC CONDITIONS GLOBALLY; AND IN REGIONS WHERE WE OPERATE.

The set of encouraging financial results turned in by the Group was due to an extent the successful implementation of the Business Transformation Plan ("BTP") that was rolled out four years ago.

Adhering to the blueprint in the BTP, the Group's business has been systematically re-focused and restructured into four Divisions namely Facilities, Environment, Engineering and Technology to benefit from cross divisional synergies.

Today, AWC's operations span across six countries with businesses in Malaysia, Singapore, the United Arab Emirates ("UAE"), Qatar, Kingdom of Saudi Arabia and most recently India.

On behalf of the Board, I wish to place on record my heartfelt appreciation to our customers, financial institutions, business partners and associates for their continuous support and cordial relationships with the Group.

DATO' NIK MOD AMIN BIN NIK ABD MAJID

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CHAIRMAN'S STATEMENT (CONTD.)

Menara Persekutuan Melaka

FINANCIAL REVIEW

For FYE 2011, the Group registered a turnover of RM153.9 million, lower than the RM184.8 million recorded in the previous financial year. The softer revenue is principally due to the delay in STREAM Automated Waste Collection System's (STREAM AWCS) projects in Abu Dhabi, the depreciation of the US Dollar pegged United Emirates Dirham (AED) against the Ringgit and the adverse performance of the Technology Division.

The Group's gross profit eased to RM49.7 million, from RM54.7 million previously, with margins improving to 32.3% compared with 29.6% in FYE 2010. The growth in margins were supported by healthier margins at the Facilities Division following the addition of two new buildings i.e. Menara Persekutuan Melaka and Wisma Persekutuan Melaka to its concession portfolio. The Environment and Engineering divisions also enjoyed better margins in the year under review.

Operating expenses rose by RM6.6 million, with provisions for doubtful debt and slow moving inventories of RM1.9 million for the Technology Division. In the meantime, losses incurred by the Technology Division in FYE 2011 had also warranted an impairment of RM1.7 million in the carrying value of the related goodwill of the Group.

The decline in revenue and higher operating expenses translated to a pre-tax profit of RM16.4 million as compared to the record pre-tax profit of RM27.1 million registered in the last financial year. Pre-tax profit for FYE 2011 is still largely supported by the RM15.1 million pre-tax profit contribution of the Environment Division.

Following the inclusion of Menara Persekutuan Melaka and Wisma Persekutuan Melaka to the concession portfolio, the Facilities Division recorded an additional RM3.6 million in its pre-tax profit with the Engineering Division contributing a further RM1.5 million to the Group's earnings. On a negative note, the Group's result was dampened by the Technology Division which went into the red with pre-tax losses of RM3.0 million.

The Environment Division remained the main revenue generator with a turnover of RM72.3 million or 47.0% of total revenue followed by the Facilities Division at RM47.7 million. The AED and Singapore Dollar denominated revenue continued to be the dominant source of offshore income for the Environment Division; contributing more than 90% of its top line.

Operating costs of the Environment Division rose in line with the Division's plans to streamline its sales and marketing effort in building a sustainable order book and to develop ISO compliant operating procedures.

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CHAIRMAN'S STATEMENT (CONTD.)

CORPORATE DEVELOPMENTS

In February 2011 AWC completed the capital reduction exercise involving the revision in the par value of ordinary shares to RM0.30 from RM0.50 previously. Following the conclusion of this exercise, the accumulated losses of the Group was trimmed by a substantial RM45.7 million. The employees' share option scheme approved by the shareholders in November 2010 was effected in March 2011.

On 25 May 2011, AWC incorporated AWC Facilities Engineering Sdn Bhd, a 75%-owned joint venture subsidiary with DS Capital Sdn Bhd to pursue projects related to facilities management and other relevant businesses.

We had on 20 September 2011 incorporated a new subsidiary in India, AWC Facilities Management (India) Private Limited, as part of the Facilities Division's expansion into India.

On 10 October 2011, AWC subscribed for 105,000 ordinary shares equivalent to 70% of the equity of Resource Data Management Asia Sdn Bhd ("RDM Asia"). RDM Asia's core business is the distribution of electronic control systems that provide world class temperature management assurance and f exible building automation systems for a wide variety of industries. The systems are designed and manufactured by Resource Data Management Ltd, an award-winning green technology company based in Glasgow, Scotland. This new initiative which extends RDM Asia's cutting edge monitoring devices, technologies and systems to the Group, is expected to strongly complement our existing range of engineering related services and products.

OPERATIONAL HIGHLIGHTS

The Group successfully secured new projects for STREAM AWCS at the SATS Inflight Catering Centre ("SICC2") and the Parkway Novena Hospital in Singapore. On the domestic forefront, new projects were secured for Lot E at KL Sentral a project by Malaysian Resources Corporation Bhd (MRCB); and The Glades at Putra Heights, a contemporary mixed residential and commercial development project by Sime Darby.

On the renewable energy segment, we are in negotiations with various interested parties to build a solar farm in East Malaysia through a commercial and technical partnership framework.

In the Gulf region, the implementation of projects was affected by the sluggish recovery of the Dubai debt crisis and insipid economic growth of 3.2% to 3.3% for UAE between the period of 2010 and 2011.

While the AED52 million [or approximately RM44.2 million] STREAM AWCS contract for Plot 1 of Al Reem Island project which was awarded to Multi Link Environmental Services LLC ("MLES"), a 33%-owned joint venture company of AWC's subsidiary Stream FZE in August 2008 had been completed and is pending full scale commissioning by end of 2011, the completion of two other projects have been delayed.

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CHAIRMAN'S STATEMENT (CONTD.)

Wisma Persekutuan Melaka

The first is the AED182.4 million [or approximately RM155.1 million] STREAM AWCS contract at the prestigious Al Raha Beach Development, a project developed by Aldar Properties PJSC. The completion of STREAM AWCS project for this 5.2 million square meters mixed waterfront city in Abu Dhabi had been delayed to end of 2011 from June 2011.

The second project affected is the STREAM AWCS contract at Plot 2 of Al Reem Island project in Abu Dhabi undertaken by MLES.

The Facilities business underwent a review to re-strategise the approach in growing this business. As a result of the review, the Group decided to focus on growing the business for selected accounts or targets and to undertake expansion overseas starting with India in 2011. The growth plan includes strategic tie-up with partners both locally and abroad.

The strategic thrust at the Engineering Division was to sharpen its competitive edge through widening of its product range, breaking through various niche sectors and infiltrating further into related high end sub-segments. This effort involves complementing its existing products with value-added and eco-friendly technologies to contest effectively in the challenging market. The collaboration with Resource Data Management Ltd is one example of the new strategic direction.

BUSINESS REVIEW

The escalation of sovereign debt crisis in the Euro area and rising uncertainties in the global political and economic environment that are threatening growth in emerging economies and the Asian region, will abate the Group's prospects in the coming months and year.

Despite the uncertainties in the external sector, the Malaysian economy is expected to achieve an annualised growth of 5% to 5.5% for 2011 with a growth rate of 5% to 6% envisaged for 2012 underpinned by resilient domestic demand.

The Gross Domestic Product ("GDP") of UAE, where the Group has a sizable business presence, is forecasted to grow by 3.3% in 2011 after achieving an anemic expansion of 3.2% in 2010. In view of the large property overhang, the uncertainties surrounding the scale of oversupply and the unfolding turmoil in the region, UAE's recovering but still fragile economy is extrapolated to achieve a stronger growth of 3.8% in 2012.

In neighbouring Qatar, where the Group had established preliminary presence via a contract to install the STREAM AWCS at the Barwa Financial District Development, GDP expanded by a robust growth of 16.6% in 2010 and is projected to accelerate to 18.7% in 2011 before moderating to 6.0% in 2012.
We are monitoring closely the updates and developments in the Middle East in particular our STREAM AWCS projects in UAE and Qatar to pre-empt any unprecedented commercial pitfalls and operational risks. Salient treasury policies had also been revisited and will be continuously reviewed to mitigate and arrest credit and currency related risks.

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CHAIRMAN'S STATEMENT (CONTD.)

On the regional front, the Singapore economy is projected to decelerate to 5.3% and 4.3% in 2011 and 2012 respectively.

CURRENT YEAR OUTLOOK

Going forward, with the landscape plagued by continued political and economic uncertainties, we remained ambivalent on current year prospects, especially project based income following the slow replenishment rate of the Group's order book.

However, we are conservatively optimistic over the prospects of our Facilities Division which will focus on expansion into high value growth segment and offshore territories. It will also focus on developing business opportunities in key areas underlined in its business plan. The concession rates revision which is yet to be concluded will continue to be pursued in the upcoming financial year.

Income from Federal Government integrated facilities management services concession under the Facilities Division shall continue to generate a stable and consistent income stream to the Group.

In addition, AWC will continue to:-

a. Identify new and high value growth opportunities for our core business activities particular in integrated facilities management services segment;

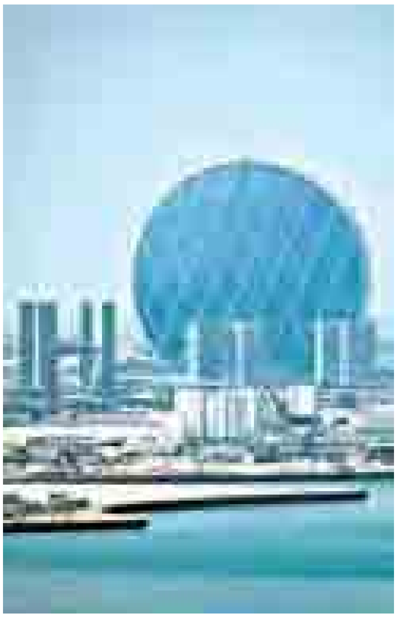
b. Explore opportunities in the green economy ("Green Growth");

c. Strengthen the sustainability of project based income through:-

   - Employment of systematic prospecting and marketing methodologies in building of order book;
   - Strategic networking via synergistic business partnership; and
   - Redefining our branding effort and business presence locally as well as in the region in creating a more balanced project income source;

d. Explore the potential of prospective markets and new products in other sub-segments; and

e. Address pitfalls and risks through improved operational controls and enhanced management reporting process.



The Al Raha Beach Development, Abu Dhabi

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CHAIRMAN'S STATEMENT (CONTD.)

DIVIDEND

The Board of Directors had earlier declared gross interim dividends amounting to 2 sen per ordinary share which were paid out to our shareholders in April and August 2011. Payment of the second interim dividend in August 2011 also represented our transition from the imputation system or franked dividend to our first single-tier dividend payment.

The declaration of the interim dividends is consistent with the Company's commitment to continuously assess the Group's funding requirements for capital expenditure and working capital in light of prospective businesses, earmarked expansions and new projects in the pipeline together with the need to provide reasonable dividend yield to the shareholders.

We believe that such f exible dividend policy will synchronise the mutual interests of the shareholders and the Group in returning greater dividend yield through better financial performance.

CONTRIBUTION TO SOCIETY

During the year under review, we continued to lend a helping hand to assist the needy and less fortunate through contributions to various charitable organisations and associations. We also supported activities organised by social welfare groups.

We look forward to extend this benevolence and altruism to more charitable organisations and welfare societies apart from aiding and participating more actively in future philanthropic activities.

HUMAN CAPITAL DEVELOPMENT

Human capital remained the most valuable asset of the Group. We will continue to nurture and at the same time build on our existing human capital assets to take the Group to the next phase of growth. Emphasis will be on personal development through training and seminars to help nurture a healthy, matured and inspiring corporate culture.

We also participated in various careers and job fairs to introduce and expose the Group to our nation's younger workforce and to gain a deeper insight into the latest educational and vocational skill sets of this new generation of human capital. We believe this strategy will enable AWC to retain and attract the right pool of talent to support our future growth.

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CHAIRMAN'S STATEMENT (CONTD.)

Marina Square @ Al Reem Island, Abu Dhabi

NOTES OF APPRECIATION

On behalf of the Board I wish to place on record my heartfelt appreciation to our customers, financial institutions, business partners and associates for their continuous support and cordial relationships with the Group. I also wish to express our gratitude to the Government of Malaysia and other authorities for their assistance and steadfast confidence in us.

I wish to take this opportunity to warmly welcome Datuk Syed Hussian to the stewardship of the Company and to thank my fellow Board members for sharing their invaluable advice, thoughts and experience in steering the Group through another challenging year. My commendation to the management and staff for their unrelenting efforts and dedication and thus enabled the Group to achieve another profitable year in such uncertain times.

On similar note, I wish to convey my sincere appreciation to our shareholders for the trust and faith placed upon the Board to guide the Group towards to the next phase of sustainable growth.

DATO' NIK MOD AMIN BIN NIK ABD MAJID
Chairman
25 October 2011

PERFORMANCE REVIEW BY

THE GROUP CHIEF EXECUTIVE / MANAGING DIRECTOR

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I AM PLEASED TO REPORT THAT THE GROUP ACHIEVED SATISFACTORY RESULTS IN THE FINANCIAL YEAR ENDED 30 JUNE 2011 ("FYE 2011") AMIDST THE CHALLENGES AND UNCERTAINTIES IN THE GLOBAL POLITICAL AND ECONOMIC LANDSCAPES. DESPITE LOWER REVENUES FOR THE YEAR, WE ACHIEVED OUR PROFITABILITY TARGETS.

With the overall slowdown in the major markets we operate in, the Group's revenue eased 16.7% to RM153.9 million compared with the record RM184.8 million registered in the previous financial year, while profit before tax came in at RM16.4 million; 39.3% lower.

All Divisions remained profitable save and except for the Technology Division which slipped into the red with a pre-tax loss of RM3.0 million.

The impact of the adverse performance of the Technology Division, was however, somewhat moderated by the stronger performance of the Facilities Division; which achieved a pre-tax profit of RM6.5 million.

Contribution from the Environment Division remained encouraging with a pre-tax profit of RM15.1 million despite softening against the previous year's profit before tax of RM23.6 million due to the depreciation of the United Emirates Dirham (AED) which is pegged against a weakening US Dollar and slower overall progress of its projects in Abu Dhabi, United Arab Emirates ("UAE"). Both projects, the Al Raha Beach Development by Aldar Properties PJSC and the Al Reem Island Development by Tamouh, had slowed down following softer demand and weaker economic growth of the UAE.

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The Facilities Division made significant strides towards the provision of Green Integrated Facility Management ("Green IFM") services when it successfully merged the performance benchmarks in AWC's Building Specific Implementation Plan with the newly introduced Building Energy Index and Green Building Index.

AZMIR MERICAN

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PERFORMANCE REVIEW BY THE GROUP CHIEF EXECUTIVE / MANAGING DIRECTOR (CONTD.)

Marina Square @ Al Reem Island, Abu Dhabi

THE ENVIRONMENT DIVISION

Notwithstanding the weakening of the AED against Ringgit, this Division continued to be the largest income earner of the Group in FYE 2011 with a turnover of RM72.3 million with 74.4% revenue being derived from projects in Abu Dhabi.

Overall slowdown of the Al Raha Beach Development project had led to lower turnover recognition from the AED182.4 million [or approximately RM155.1 million] STREAM Automated Pneumatic Waste Collection System ("STREAM AWCS") contract. Consequently, the project, which was scheduled for completion in June 2011, is now expected to be completed by end of 2011. With an 80% physical completion of our STREAM AWCS project, we are confident of showcasing our world-class capabilities in designing, supplying and installing a fully operational STREAM AWCS system at the "Ultimate Waterfront City".

In addition, I am happy to report that Plot 1 of our AED52 million [or approximately RM44.2 million] STREAM AWCS contract in Al Reem Island Development in Abu Dhabi had successfully commissioned a test run in August 2011 and is expected to be handed over in late 2011. This project is undertaken by Multi Link Environmental Services LLC, a UAE incorporated joint-venture between Model Building Maintenance Establishment LLC, UAE, Dallah Group Company, Saudi Arabia and Stream FZE, UAE (a wholly-owned subsidiary of Nexaldes Sdn Bhd). Progress for the Plot 2 contract, valued at AED171 million [or approximately RM145.4 million] however, continued to be delayed due to various factors such as the softening of the property market and slower economic growth.

Closer to home, in Singapore, we secured two key contract to design and install the STREAM AWCS at the SATS InFlight Catering Centre 2 ("SICC 2") and the Parkway Novena Hospital. The system in SICC 2 and other prestigious developments such as the Aalto Condominium, the Dakota Condominium and the Biopolis were completed and officially handed over, whereas the Parvis Condominium and the Parkway Novena Hospital projects are expected to be completed in the third quarter of financial year ending June 2012.

Our Singapore operations were also awarded operations and maintenance contracts for the Ministry of Home Affairs, the Police Cantonment Complex, Terminal 3 Changi Airport and The Quincy Hotel, following the handover of our STREAM AWCS systems at these sites. These operations and maintenance contracts will boost the recurring income of our Singapore operations.

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PERFORMANCE REVIEW BY THE GROUP CHIEF EXECUTIVE / MANAGING DIRECTOR (CONTD.)

In August 2010, our Nexaldes's Representative Office in Qatar, a wholly-owned subsidiary of Nexaldes Sdn Bhd, was successfully set up after receiving the approval from the Ministry of Business, Qatar. The company is now undertaking the STREAM AWCS contract for the Barwa Financial District that is being developed by Barwa Real Estate, Qatar.

Despite a more attractive project margin, the Environment Division's pre-tax profit for FYE 2011 declined to RM15.1 million, from RM23.6 million in the preceding year on the back of a weaker turnover, following a stronger Ringgit, and the overall slowdown and delay in major projects highlighted earlier. On the other hand, the Division's plan to develop an accommodative organisational infrastructure to support its future business requirements had witnessed an increase in operating expenses of the Division.

Public Works Department Headquarters, Kuala Lumpur

The Facilities Division continued to be the preferred IFM partner of Jabatan Kerja Raya or Public Works Department headquarters, Bintulu Port Authority and OCBC Bank Malaysia head office during the financial year under review.

THE FACILITIES DIVISION

Turnover of the Facilities Division increased by 7.4% to RM47.7 million against RM44.4 million in FYE 2010, pre-tax profit surged by RM3.6 million or 123.6% backed primarily by a healthier margin contribution from the new 23-storey Menara Persekutuan Melaka and Wisma Persekutuan Melaka in its portfolio of concession buildings. The margins were also lifted by retrospective invoicing related to electricity tariff and capping of its concession buildings. Income from integrated facilities management ("IFM") services of Federal Government buildings remained a major source of income constituting more than 80% of the total turnover of the Division with the balance registered by the commercial front.

During the financial year, the Division made significant strides towards the provision of Green Integrated Facility Management ("Green IFM") services when it successfully merged the performance benchmarks in AWC's Building Specific Implementation Plan with the newly introduced Building Energy Index and Green Building Index.

The streamlined performance index, which focuses on the reduction of carbon footprints, principally through lower energy consumption has redefined the Division's services to be more environmentally sustainable and eco-friendly IFM or "Green IFM" in short. The Green IFM concept, which also leads to cost savings has been well received by prospective clients.

Several critical elements of this green solution framework are:-

a. Promoting cost savings through energy austerity drives. This includes inculcating awareness and nurturing values among building tenants, occupants and visitors in mitigating redundancy in energy consumption e.g. remote real-time monitoring of air-condition temperature at no lower than 24°C.

b. Optimising energy efficiency through new and proven IFM methodologies and practices which focuses on reduction of carbon footprints such as conversion to eco-friendly hydrocarbon refrigerant for the running of chillers and air-conditioners in the 31 buildings in our concession portfolio.

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PERFORMANCE REVIEW BY THE GROUP CHIEF EXECUTIVE / MANAGING DIRECTOR (CONTD.)

Wisma Persekutuan Melaka

c. Promoting the utilisation of renewable energy through optimal harnessing of green energy e.g. promoting the use of natural light for illumination without compromising the safety, comfort and ambience of the tenants and visitors.

The margin of our fixed income stream will continue to be challenged by escalating energy and utility cost, inflationary pressure of wages and rising prices of consumables. Therefore, we shall continue embrace a prudent approach in management and cost control to outpace the accelerating costs.

Our proposal to revise the 8-year old concession rates for the Federal Government buildings in our portfolio was submitted last year. Detailed paperwork and negotiations were completed in FYE 2011 under strict confidence in a highly professional and transparent environment. We are currently awaiting the conclusive outcome of this negotiation.

THE ENGINEERING DIVISION

Turnover of the engineering division increased by 7.5% to RM26.8 million translating to higher pre-tax profit of RM1.5 million compared with RM0.9 million registered in the previous year led mainly by growth in the construction sector.

For the record, the construction sector grew 5.2% in 2010 which is supported by the non-residential sub-sector, reflecting the construction of commercial properties and the upgrading and repair of public buildings. The civil engineering sub-sector continued to expand representing further progress in the implementation of infrastructure projects. The sector remained in the positive region during the first quarter of 2011 with a corresponding expansion of 3.8% before moderating to 0.6% in the second quarter due to delays in implementation of infrastructure projects. Barring unforeseen circumstances, we are confident that the Government initiatives underlined in the Government Transformation Programme and Economic Transformation Programme will provide the much required and anticipated boost to the construction sector.

Efforts to curtail the reliance of this Division on the highly cyclical construction sector continued to be our main agenda. Our recent collaboration with Resource Data Management Ltd, an award-winning green technology company based in Glasgow, Scotland via our 70%-owned Resource Data Management Asia Sdn Bhd ("RDM Asia") to distribute electronic control systems that provide world class temperature management assurance and flexible building automation systems for a wide variety of industries is part of our long-term strategy to equip this Division with complementary products to break the market boundaries of other industry segments specifically in promoting low carbon economies.

Affirmative steps and measures to curb the systemic concerns of depleting margins, rising costs and saturated prospects will continue to be emphasised to arrest any unprecedented downturn of this Division.

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PERFORMANCE REVIEW BY THE GROUP CHIEF EXECUTIVE / MANAGING DIRECTOR (CONTD.)

THE TECHNOLOGY DIVISION

Revenue of the Technology Division contracted sharply to RM7.2 million from RM13.8 million in FYE 2010 following the absence of major projects.

The significant decline in turnover and relatively constant fixed overhead translated to a pre-tax loss of RM3.0 million for the Division, exacerbated by provisions for doubtful debt and slow moving inventories of RM1.7 million and RM0.2 million respectively. The adverse financial result of the Division also warranted the Group to impair RM1.7 million on the carrying value of goodwill arising from the investment in this Division pursuant to related financial reporting standards ("FRS") i.e. FRS 136. In aggregate, the Group bore the brunt of RM4.7 million in light of the poor performance of this Division.

The Central Waste Handling Facility at Marina Square, Al Reem Island, Abu Dhabi

In the meantime, negotiation to resolve the non-fulfillment of profit guarantee of Infinite QL Sdn Bhd by its guarantor has not met any conclusion and an impasse may be unavoidable. While both parties are still pursuing an amicable settlement, other options are being pursued in terms of the overall fit of this business with the Group.

THE JOURNEY AHEAD

Despite the discouraging performance of the Technology Division the Group had performed reasonably well in registering a profit attributable to shareholders of RM8.3 million with almost half of its revenue being derived from offshore operations. The Group's immediate task is to strengthen the resilience of its project-based income particularly of its Environment Division and the development of a healthy order book.

Several key steps have been taken to address these needs including outlining a more structured and focused sales and marketing effort. Meanwhile, the organisational infrastructure such as financial support, human resource, operating procedures and IT framework had also been beefed up to cater to the more demanding operating environment of this Division.

The Facilities Division continues to face demanding challenges of delivering results at lower cost. One key area within facilities management which continues to offer opportunities for innovation is energy management and this is where the establishment of RDM Asia is expected to contribute positively.

Plans to export the operations and expertise of this Division overseas are underway and we expect exciting times ahead.

On the human capital side, the AWC Employee Handbook was rolled out effective 1 July 2011 to all employees of AWC Berhad and the Facilities Division. This is to streamline all staff benefits according to the job bands. For learning and personal development, the Facilities Division is currently enrolling all its staff on Customer Excellence Training to be better trained in handling customers' complaints, queries and requests. In November 2010, we implemented E-Leave under the HR digitalisation project. The Group will continue to invest in its people in line with our corporate philosophy that people will make the difference in our organisation.

Investment in information technology and communication will focus on enhancing the integrity and security of our financial and operational data. This exercise will involve an upgrading of the existing backup system to a more comprehensive platform. Other ICT plans in the pipeline include the setting

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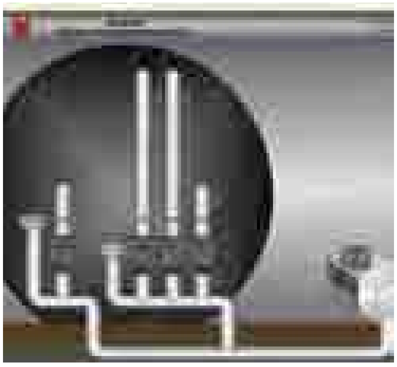
PERFORMANCE REVIEW BY THE GROUP CHIEF EXECUTIVE / MANAGING DIRECTOR (CONTD.)



STREAM AWCS software management system for Aldar Headquarters

up of intranet communication forums to encourage cohesiveness among employees who are geographically segregated and dispersed due to the nature of our business operations.

The financial reporting format in FYE 2011 has been presented in accordance to the governing standard of FRS 101 and also incorporated the fair value accounting and disclosure requirements of FRS 139 following our first year adoption of both standards.

Going beyond these developments, I would like to sketch out here four (4) aims that will guide our actions in the coming years:

- Ensuring continued favourable results via developing the present business model and entering into smart partnerships or joint ventures;
- To place innovation at the centre of what we do;
- Ensuring a more sustainable growth via reduction of our energy consumption and natural resources; and
- Emphasizing program in harnessing the human talent and skills development.

In short, the Group continued to live up to our brand and reputation through timely delivery of quality works and projects both locally and internationally. We shall continue to identify and pursue new business opportunities, here and abroad with the goal of achieving high value, sustainable and resilient growth. Prudent and pragmatic management will continue to be closely observed to insulate the Group against the inherent business risks the Group is faced with.

ACKNOWLEDGEMENTS

On behalf of the management, I would like to extend my appreciation to our customers, shareholders, bankers, business partners, friends and members of the media for their staunch and continuous support. My special thanks to the Government of Malaysia and other authorities for their unwavering trust and confidence. My sincere thanks goes out to the management team and staff of AWC for their relentless effort in achieving and delivering results. I hope this effort and teamwork will continue in the coming year.

There is much work to be done as we continue to strive to prosper and grow in unprecedented times of uncertainties. With all the right resources in place we are confident that we will be able to grow and overcome the challenges ahead.

AZMIR MERICAN
Group Chief Executive / Managing Director
25 October 2011

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors of AWC Berhad ("the Board") is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Group as a fundamental part of discharging its duties to enhance shareholders' values consistent with the principles and best practices set out in Parts 1 & 2 of the Malaysian Code on Corporate Governance ("the Code").

The Board is pleased to set out below a statement which describes the manner in which it has applied the Principles of the Code and the extent to which it has complied with the Best Practices of the Code during the financial year ended 30 June 2011.

THE BOARD

The Group is led by an effective and experienced Board comprising members who possess, amongst them massive amount of experience in business, financial, technical and public service backgrounds. The Board focuses mainly on strategies, financial performance and critical business decisions that may include the following:-

- Business plans and budget of the Group;
- The strategic action plans of the Group;
- Key performance indicators;
- Major acquisitions, investments and divestments decisions;
- Significant corporate proposals to be undertaken by the Group; and
- Internal control systems.

The Board has delegated certain responsibilities to other Board level committees such as the Nomination, Remuneration, Audit and Employees' Share Option Scheme ("ESOS") committees to assist the Board in discharging its fiduciary duties.

COMPOSITION AND BALANCE

i. The Board currently has seven (7) members, comprising one (1) Executive Director (who is also the Group Chief Executive / Managing Director), one (1) Non-Independent Non-Executive Director and five (5) Independent Non-Executive Directors. This composition ensures that at least one third of the Board comprises independent directors in accordance to the requirement of Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

ii. The presence of five (5) Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

iii. There is a clear division of responsibility between Chief Executive / Managing Director and the Chairman in order to provide for balance of power and authority. The former leads the management of the Company and has overall responsibility for the operating units and the implementation of the Board's policies and decisions, whilst the latter is responsible for the orderly conduct and effectiveness of the Board in addition to facilitate constructive deliberation of matters in hand.

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CORPORATE GOVERNANCE STATEMENT (CONTD.)

BOARD MEETINGS AND SUPPLY OF INFORMATION

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

NAME OF DIRECTORS	ATTENDANCE
Dato' Nik Mod Amin bin Nik Abd Majid	5/5
Dato' Ahmad Kabeer bin Mohamed Nagoor	5/5
Azmir Merican bin Dato' Azmi Merican	5/5
Dato' Sulaiman bin Mohd Yusof	5/5
Roslan bin Mohd Latif	4/5
N Chanthiran A/L Nagappan	5/5
Datuk Syed Hussian bin Syed Junid *(appointed on 5 September 2011)*	N/A

The Directors receive notices of meetings, typically at least five (5) working days prior to the date of the meeting, highlighting the agenda complete with a full set of Board Papers to provide sufficient details of matters to be deliberated during the meeting. Information provided is not confined to financial data but also other non-financial information, both quantitative and qualitative, which is deemed to be critical in arriving at a sound and informed decision.

In the event of a potential conf ict of interest situation arises, the Director concerned is to declare his interest and shall abstain from any deliberation and participation in the decision making processes.

Minutes of Board meetings together with decisions made by way of resolution passed are duly minuted and properly maintained by the Company Secretary. The Company Secretary is also responsible for ensuring that the Board meeting procedures and all statutory and compliance obligations are adhered to, in addition to offering advice to the Directors on statutory and compliance matters.

The Directors also have unrestricted access to information from the management and the outsourced Internal Auditors in furtherance of their duties. If need arises, they are encouraged to obtain independent professional advice at the Company's expense.

APPOINTMENT AND RE-ELECTIONS OF DIRECTORS

The members of the Board are appointed in a formal and transparent practice as endorsed by the Code. The Nomination Committee will make recommendations to the Board who will then go through the list of candidates identified and arrive at a decision on the appointment of the Director. The Company Secretaries will then ensure that all appointments are properly made and that all legal and regulatory obligations are met.

In accordance with the Company's Articles of Association, at least one third of the Directors shall retire at the Annual General Meeting ("AGM"), and be eligible for re-election provided that all Directors shall retire at least once in every three (3) years.

Directors who are appointed by the Board in the course of the year shall subject to re-election at the next AGM to be held following their appointment.

Directors who are over seventy (70) years of age are required to submit themselves for annual re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

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CORPORATE GOVERNANCE STATEMENT (CONTD.)

BOARD COMMITTEES

The Board has delegated certain responsibilities to the Board Committees that operates within clearly defined terms of reference. These Committees are:

i. Audit Committee

The terms of reference of the Audit Committee and its activities are set forth in the Audit Committee Report on pages 53 to 56 of this Annual Report.

ii. Nomination Committee

The Nomination Committee is responsible for assessing and recommending any appointment of Executive and Non-Executive Directors as well as re-election of Directors who retire by rotation. In arriving at these recommendations, due consideration is given to the required mix of skills, expertise and experience that the proposed Director(s) shall bring to complement the Board.

The members of the Nomination Committee during the year under review are as follows:

NAME OF COMMITTEE MEMBERS	DESIGNATION
Dato' Nik Mod Amin bin Nik Abd Majid, Chairman	Independent Non-Executive Chairman
Dato' Ahmad Kabeer bin Mohamed Nagoor, Member	Non-Independent Non-Executive Deputy Chairman
Roslan bin Mohd Latif, Member	Independent Non-Executive Director

iii. Remuneration Committee

The Remuneration Committee is responsible for the formulation of remuneration policy such as rewards and benefits and other terms of employment of the Executive Director. The members of the Remuneration Committee during the year under review are as follows:-

NAME OF COMMITTEE MEMBERS	DESIGNATION
Dato' Ahmad Kabeer bin Mohamed Nagoor, Chairman	Non-Independent Non-Executive Deputy Chairman
Dato' Nik Mod Amin bin Nik Abd Majid, Member	Independent Non-Executive Chairman
Dato' Sulaiman bin Mohd Yusof, Member	Independent Non-Executive Director

iv. Employees' Share Option Scheme ("ESOS") Committee

The ESOS Committee which was set up on 22 February 2011 administers the ESOS of the Company. The ESOS was established on 31 March 2011 and will be in force for a period of five (5) years.

The ESOS may be extended or renewed (as the case may be) for a further period of five (5) years, at the sole and absolute discretion of the Board upon recommendation of the ESOS Committee comprising of the following members:-

NAME OF COMMITTEE MEMBERS	DESIGNATION
Dato' Ahmad Kabeer bin Mohamed Nagoor, Chairman	Non-Independent Non-Executive Deputy Chairman
Azmir Merican bin Dato' Azmi Merican, Member	Group Chief Executive / Managing Director
N Chanthiran A/L Nagappan, Member	Independent Non-Executive Director

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CORPORATE GOVERNANCE STATEMENT (CONTD.)

iv. Employees' Share Option Scheme ("ESOS") Committee (CONTD.)

The ESOS Committee is empowered to administer the ESOS and to issue shares in respect of the ESOS at any time upon such terms and conditions in accordance with the provisions of the bylaws approved by the relevant authorities and for such purposes as the ESOS Committee may deem fit provided that the aggregate number of shares to be issued does not exceed 15% of the issued share capital of the Company at the time of offer.

The ESOS Committee meets as and when required and may make decisions by way of circular resolution.

DIRECTORS' TRAINING

All members of the Board have attended and successfully completed the Mandatory Accreditation Programme (MAP).

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. Seminars and conferences attended by Directors during the financial year ended 30 June 2011 include the following:

NAME OF DIRECTORS	TITLE OF THE SEMINARS ATTENDED
Azmir Merican bin Dato' Azmi Merican	GES Summit 2010 Public Private Partnership CBRS 3 • How to handle Press Conference & Tricky Media Questions • Making a Difference (MAD) Workshop • New Age Facilities Management • FIABCI Morning Talk (The Klang Valley MRT Project – SPAD's Role & Function) • Public Private Partnership Series 2
N Chanthiran A/L Nagappan	• The Resurgence of Corporate Malaysia • 2011 Budget Seminar - Highlights & Implications • National Tax Conference 2010
Roslan bin Mohd Latif	• Forum on Youth Leadership and Social Challenges
Datuk Syed Hussian bin Syed Junid	• Board of Directors' Workshop

Saved as disclosed above, other Directors were not able to attend any Directors' training during the financial year due to overseas travelling and busy schedules. However, they have kept themselves abreast on financial and business matters through readings to enable them to contribute to the Board.

DIRECTORS' REMUNERATION

The remuneration of the Directors for the financial year under review is as follows:

DIRECTORS	FEES RM	SALARIES & BENEFITS IN KIND RM	BONUSES RM	TOTAL RM
Executive Directors	-	1,003,935	-	1,003,935
Non-Executive Directors	253,700	-	-	253,700
TOTAL	**253,700**	**1,003,935**	**-**	**1,257,635**

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CORPORATE GOVERNANCE STATEMENT (CONTD.)

DIRECTORS' REMUNERATION (CONTD.)

RANGE OF REMUNERATION	EXECUTIVE	NON-EXECUTIVE
Below RM100,000	-	3
RM100,001 to RM150,000	-	1
RM450,001 to RM500,000	-	1
RM1,000,001 to RM1,050,000	1	-

The Board as a whole determines the fees of Non-Executive and Executive Directors. The annual Directors' fees payable are endorsed by the Board for approval by the shareholders of the Company at the AGM. Directors do not participate in decisions regarding their remuneration packages.

THE SHAREHOLDERS

a) Dialogue between the Company and Investors

The Group values the importance of timely and equal dissemination of information on major developments of the Group to the shareholders, potential investors and the general public. Quarterly results, announcements, analyst briefings, annual reports and circulars serve as primary means of dissemination of information so that the shareholders are constantly kept abreast on the Group's progress and developments. The AWC 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 and events relating to the Group.

b) Annual General Meetings (AGM)

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

ACCOUNTABILITY AND AUDIT

a) Financial reporting

The Board has overall responsibility for the quality and completeness of the financial statements of the Company and the Group, both quarterly and year-end, and has a duty to ensure that those financial statements are prepared based on appropriate and consistently applied accounting policies, supported by reasonably prudent judgment and estimates and in accordance to the applicable financial reporting standards.

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

b) Internal Control

The Audit Committee has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The activities of the outsourced Internal Auditors are reported regularly to the Audit Committee which provides the Board with the required assurance in relation to the adequacy and integrity of the Group's system of internal controls. Information on the Group's internal control is presented in the Statement of Internal Control set out in pages 57 to 59 of this Annual Report.

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CORPORATE GOVERNANCE STATEMENT (CONTD.)

ACCOUNTABILITY AND AUDIT (CONTD.)

c) Relationship with Auditors

The Group has established a transparent and appropriate relationship with the Internal Auditors and external Auditors. Such relationship allows the Group to seek professional advice on matters relating to compliance and corporate governance. The internal audit function of the Group is outsourced to third party. Similar to the external Auditors, Internal Auditors too have direct reporting access to the Board and the Audit Committee to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence of the management.

DIRECTORS RESPONSIBILITY STATEMENT IN RELATION TO THE FINANCIAL STATEMENTS

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

In preparing the financial statements, the Directors have taken steps to ensure that:

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

The Directors are responsible for ensuring that the Company maintains proper accounting records in compliance with the Companies Act, 1965, which disclose with a reasonable degree of accuracy the financial position of the Company and the Group.

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

This statement is made in accordance with the resolution of the Board dated 25 October 2011.

AUDIT COMMITTEE REPORT

MEMBERSHIP

The present members of the Audit Committee (the"Committee") comprises of:

Dato' Sulaiman bin Mohd Yusof
(Chairman, Independent Non-Executive Director)

N Chanthiran A/L Nagappan
(Member, Independent Non-Executive Director)

Roslan bin Mohd Latif
(Member, Independent Non-Executive Director)

TERMS OF REFERENCE

Objective of the Audit Committee

The primary objective of the Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities in accounting and reporting practices and to ensure adequacy and effectiveness of the Group's system of internal controls.

MEMBERSHIP

1. The Committee shall be appointed by the Board of Directors from amongst its members and shall comprise a minimum of three (3) members, whereby all members must be non-executive directors and financially literate with a majority of the Committee being Independent Directors, and at least one member of the Committee:

    a. must be a member of the Malaysian Institute of Accountants; or
    b. if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience; and
        i. he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
        ii. he must be a member of one of the associations of accountants specified in Part 2 of the 1st Schedule of the Accountants Act 1967; or
        iii. fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

2. No alternate directors shall be members of the Committee.

3. The Committee shall elect a Chairman from amongst its members who shall be an Independent Director.

4. In the event that a vacancy arises in the Committee for any reason, and the vacancy causes a non-compliance of item 1 above, the Board of Directors shall, within three (3) months from the date the vacancy arises, fill such vacancy in compliance with item 1 above.

5. The Board of Directors shall review the term of office and performance of the Committee collectively and each of its members at least once every three (3) years.

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AUDIT COMMITTEE REPORT (CONTD.)

AUTHORITY

The Committee is empowered by the Board to investigate any activity within its term of reference. It shall:

1. have full and unrestricted access to any information pertaining to the Company and its subsidiaries;

2. have direct communication channels with both the external auditors and the internal auditors or any person(s) carrying out the internal audit function or activity;

3. have free access to any employee or member of the management;

4. have free access to seek and accept independent professional advice and to secure the attendance of outsiders with relevant experience and expertise as it considers necessary and the requisite resources to do so; and

5. be able to convene meetings with the external and internal auditors or both excluding the attendance of other directors and employees of the company, whenever deemed necessary.

DUTIES AND RESPONSIBILITIES

The Committee's duties and responsibilities are as follows:

1. Assess the quality, adequacy and effectiveness of the Group's internal control environment and systems, and take necessary actions to improve the same when necessary;

2. To review with the external auditors:

    a. their audit plan, scope and nature of the audit for the Group;
    b. their audit report;
    c. the external auditors' management letter and the management's response with regard to problems and reservations arising from their audits; and
    d. any matters the auditors may wish to discuss (in the absence of management where necessary).

3. To consider the appointment of external auditors, the terms of reference of their appointment, the audit fee and any questions of resignation or dismissal;

4. To review the adequacy of the scope, functions, competency and resources of the internal audit functions and to ensure that it has the necessary authority to carry its work;

5. To review the internal audit programmes, processes and results of the internal audit and whether or not appropriate action is taken on the recommendations of the internal audit functions;

6. To ensure that the internal audit function reports directly to the Committee;

7. Evaluate the quality of the audits conducted by both the internal and external auditors;

8. Provide greater emphasis on the audit function by serving as the focal point for open line of communication between the Board of Directors, internal auditors, external auditors and the management and providing a forum for discussion that is independent of the management. The Committee is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the management and the adequacy of disclosure to the shareholders;

9. To review with management on a periodic basis, the Company's general policies, procedures and controls especially in relation to management accounting, financial reporting, risk management and business ethics;

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AUDIT COMMITTEE REPORT (CONTD.)

DUTIES AND RESPONSIBILITIES (CONTD.)

10. To review the Group's quarterly results and year-end financial statements before submission to the Board, particularly on:

    a. any changes in accounting policies and practices;
    b. major potential risk issues, if any;
    c. significant adjustments and issues arising from the audit;
    d. compliance with the applicable approved accounting standards; and
    e. compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other legal requirements.

11. To review related party transactions to ensure that they have been conducted at arms length and on normal commercial terms;

12. The Committee is to report to the Board regarding the above matters within its purview.

FREQUENCY OF MEETINGS

The Committee shall meet at least four (4) times annually, or more frequently as circumstances dictate. The external auditors may request for a meeting if they consider it necessary. However, the Committee should meet with the external auditors without the presence of executive board members at least twice (2) in a financial year.

The Company Secretary or any other person appointed by the Committee for this purpose shall act as Secretary for the Committee. Written notice of the meeting prepared by the Company Secretary together with the agenda shall be given to the members of the Committee where applicable.

In order to form a quorum for a Committee meeting, the majority of the members present must be independent directors. A duly convened meeting of the Committee at which quorum is present shall be competent to exercise all or any of the authorities, powers and discretion vested in or exercisable by the Committee.

MEETINGS

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

COMMITTEE MEMBERS	ATTENDANCE
Dato' Sulaiman bin Mohd Yusof	5/5
Roslan bin Mohd Latif	5/5
N Chanthiran A/L Nagappan	5/5

The presence of the external and internal auditors (if any) respectively at any Audit Committee meeting, can be requested if required by the Audit Committee.

Other members of the Board and officers of the Company and the Group may attend the meeting (specific to the relevant meeting) upon the invitation of the Audit Committee.

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AUDIT COMMITTEE REPORT (CONTD.)

SUMMARY OF ACTIVITIES

During the financial year under review, the Committee carried out the following activities in discharging their duties and responsibilities:

1. Reviewed the quarterly financial results of the Company including the announcements pertaining thereto, before the release of the quarterly announcements to Bursa Securities;

2. Reviewed the audit plan and scope of the statutory audit of the Company's financial statements for the financial year ended 30 June 2011 with the external auditors;

3. Reviewed the annual audited financial statements of the Company and issues arising from the audit of the financial statements, together with the external auditors' management letter and the management's responses thereon;

4. To consider the appointment of external auditors, the terms of reference of their appointment, the audit fee and any questions of resignation or dismissal; and

5. Reviewed the internal audit plan, work done and 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.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to Sterling Business Alignment Consulting Sdn Bhd (the "Internal Auditors"), a third party professional company, which is independent of the activities and operations of the Group. The Internal Auditors are empowered by the Audit Committee to provide objective evaluation of risk and controls in the auditable activities to ensure a sound system of internal controls.

The Internal Auditors shall present its risk-based Internal Audit Plan for the Committee's review and approval annually. Scheduled audits are carried out on various departments and/or subsidiaries of the Group in accordance to the approved Internal Audit Plan. A risk-based methodology is adopted to evaluate the adequacy and effectiveness of the risk management, financial, operational and governance processes. There is a minimum of four (4) quarterly audits performed during the financial year under review.

In an effort to provide value-added services, the Internal Auditors also play an active role in an advisory capacity especially on potential improvement on the existing controls. On an ad-hoc basis, the Internal Auditors may be requested by the Committee to perform special reviews on any particular area, functions and activities of any business units within the Group whenever the Committee deems necessary.

Reports on these audits shall be presented to the Committee highlighting observations, recommendations, corrective actions and deadlines for the management team to implement the agreed corrective actions. Where the result of an audit is unsatisfactory, a follow-up audit is conducted and subsequently reported to the Committee.

The fee incurred during the year in relation to the internal audit function is RM40,000.

STATEMENT PERTAINING TO THE ALLOCATION OF SHARE OPTIONS TO EMPLOYEES

The Company had on 31 March 2011 implemented an employees' share option scheme ("ESOS"). To date the Company has not granted any share option to eligible employees pursuant to the Company's employees' share option scheme ("ESOS"). In the event such options are granted to eligible employees, the Audit Committee will review such allocation to ensure compliance with the criteria as set out in the bylaws of the Company's ESOS.

INTERNAL CONTROL STATEMENT

INTRODUCTION

Pursuant to Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements, the Board of Directors of a listed company is required to produce a statement in the company's annual report in respect of the state of internal control of the listed company as a group. The Malaysian Code on Corporate Governance also requires the Board to ensure that a sound and effective system of internal controls is in place to safeguard the shareholders' interests in the company. In complying with the prescribed requirements and to conform with the highest standard of corporate governance, the Board of Directors ("the Board") of AWC Berhad ("the Group") is pleased to present the Internal Control Statement for the financial year ended 30 June 2011 which was prepared in accordance with the Statement of Internal Control – Guidance for Directors of Public Listed Companies, published by Bursa Securities.

THE BOARD'S RESPONSIBILITIES

The Board recognises that the practice of good corporate governance requires a firm resolve and continuous commitment. The Board acknowledges its responsibility in maintaining a stringent internal control system with frequent checks on its integrity and adequacy in sustaining a good corporate governance practice.

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

However, it is important to note and observe that such system of internal controls is developed to mitigate and alleviate rather than to completely exclude or eliminate all related risks. Thus, any system of internal controls is designed to provide reasonable and acceptable but not absolute assurance against material misstatement, fraud or loss. Therefore, the management plays a key role in ensuring that the established internal control processes and sanctioned procedures are appropriately implemented and closely adhered to, and to feedback promptly to the Board of any breach in internal controls, whether deliberately or inadvertently.

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 since 1st July 2009. The Internal Auditors is also independent of the Board and management, and reports directly to the Audit Committee. In discharging its obligations and duties pursuant to its appointment, the Internal Auditors undertakes rigorous, objective, independent and systematic reviews of the systems of internal control. Following the assessment, the Internal Auditors provides reasonable and continuous assurance on the satisfactory operation and effectiveness of the Group's system of internal controls. Purpose of the comprehensive process is to identify existing shortcomings and potential pitfalls which would eventually be brought to the attention of the Board and rectification measures would be proposed and recommended.

The Internal Auditors submits its reports to the Audit Committee every quarter and the findings are tabled at the corresponding quarterly meetings. Issues arising thereto and shortfalls in internal controls are reviewed, deliberated at length and acted upon by the Audit Committee for remedial action. Where necessary, affirmative steps and measures

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INTERNAL CONTROL STATEMENT (CONTD.)

THE INTERNAL AUDIT FUNCTION (CONTD.)

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 mechanisms, if required. The internal audit schedule and timetable for subsequent periods are tabled in the Audit Committee, outlining the entities which will be subject to the next internal audit exercise and framework of the internal audit plan. Core internal audit scope and critical areas are also emphasised while internal audit issues highlighted in the preceding internal audit reports together with the progress and updates of the corresponding follow up works are also considered at length.

RISK MANAGEMENT FRAMEWORK

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

OTHER KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROLS

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

- **Independence of the Audit Committee**

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

- **Clearly defined organisational structure**

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

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

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INTERNAL CONTROL STATEMENT (CONTD.)

OTHER KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROLS (CONTD.)

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

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

  These terms of references, responsibilities and authority limits are formally documented in official documents such as the Group Authority Manual, the Tender, Contract and 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, business plans, forecasts 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.

- **Reviews with the external auditors**

  The annual statutory audit of the Group by the external auditors also includes a general review of the internal control systems of the Group. Weaknesses, limitations and deficiencies are identified via Management Letters and proposals for appropriate remedies are presented for consideration by the Board. In addition, material concerns are also highlighted in an Audit Review Memorandum which is tabled to and discussed with the Audit Committee.

CONCLUSION

The Board considers the existing systems of internal controls which is currently in place for the Group, as generally prescribed in this statement, to be substantially adequate and sufficient taking into account the material risks of the business environment within which the Group operates. The internal control framework will be continuously reviewed, improved and enhanced to ensure its effectiveness, adequacy and relevance.

This Statement is made in accordance with the resolution of the Board of Directors dated 25 October 2011.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds from Corporate Exercises

No corporate exercise involving fund raising was carried out during the financial year under review.

2. Share Buy-Back

The Company commenced its share buy-back programme in March 2005. All the shares purchased by the Company were retained as treasury shares. As at 30 September 2011, a total of 3,236,800 ordinary shares have been bought back and held as treasury shares in accordance with Section 67A of the Companies Act, 1965. None of the treasury shares were resold or cancelled during the financial year. The details of the share buy-back carried out by the Company during the financial year and up to 30 September 2011 are as follows:

MONTHLY BREAKDOWN#	NO. OF SHARES PURCHASED AND RETAINED AS TREASURY SHARES	PURCHASE PRICE PER SHARE (SEN)			TOTAL CONSIDERATION PAID (RM)*
		LOWEST	HIGHEST	AVERAGE	
August 2010	100,000	25.4	25.4	25.4	25,490
May 2011	200,000	27.0	27.5	27.4	54,880
June 2011	700,000	27.5	28.5	28.2	197,120
TOTAL	**1,000,000**	**25.4**	**28.5**	**27.7**	**277,490**

* *Excluding transaction costs.*
Other than indicated, there were no shares bought back in other months.

3. Options, Warrants or Convertible Securities

There were no Options, Warrants or Convertible Securities in issue during the financial year.

4. American Depository Receipt (ADR) or Global Depository Receipt (GDR)

The Company did not sponsor any ADR or GDR programme during the financial year.

5. Imposition of Sanctions and/or Penalties

During the financial year, there were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

6. Non-audit Fees

No non-audit fees were paid or payable to the external auditors by the Group for the financial year ended 30 June 2011.

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ADDITIONAL COMPLIANCE INFORMATION (CONTD.)

7. Variation in Results, Profit Estimate, Forecast or Projection

There were no material variation between the Group's unaudited results announced earlier and the audited results for the financial year ended 30 June 2011. The Company did not make any release on the profit estimate, forecast and projection for the financial year.

8. Profit Guarantee

The Company did not issue any profit guarantee during the financial year.

9. Material Contracts

There were no material contracts entered into by the Company or its subsidiaries, involving directors' or major shareholders' interest during the financial year.

10. Revaluation Policy on Landed Properties

The Company does not have a policy to revalue its landed properties.

11. Recurrent Related Party Transactions

During the financial year, there were no recurrent related party transactions of a revenue or trading nature involving the Directors and/or substantial shareholders of the Company.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

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

RESULTS

	GROUP RM	COMPANY RM
Net profit for the financial year	13,750,625	12,148,654
Attributable to:		
Owners of the Company	8,265,687	12,148,654
Non-controlling interests	5,484,938	-
	13,750,625	**12,148,654**

All material transfers to or from reserves or provision during the financial year are disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

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DIRECTORS' REPORT (CONTD.)

DIVIDENDS

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

	RM
In respect of the financial year ended 30 June 2010 as reported in the directors' report of that year:	
Final dividend of 2% less 25% taxation on 226,342,427 ordinary shares, paid on 7 January 2011	1,697,588
In respect of the financial year ended 30 June 2011:	
First interim dividend of:	
- 1.8% less 25% taxation on 226,342,427 ordinary shares, paid on 8 April 2011	1,527,811
- 0.2% tax-exempted on 226,342,427 ordinary shares, paid on 8 April 2011	226,343
	1,754,154
Second interim single-tier dividend of 1 sen per share on 225,442,427 ordinary shares, paid on 15 August 2011	**2,254,424**

The directors do not propose the payment of any final dividend for the current financial year.

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Nik Mod Amin bin Nik Abd Majid
Dato' Ahmad Kabeer bin Mohamed Nagoor
Azmir Merican bin Dato' Azmi Merican
Roslan bin Mohd Latif
Dato' Sulaiman bin Mohd Yusof
N Chanthiran A/L Nagappan
Datuk Syed Hussian bin Syed Junid (appointed on 5 September 2011)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 35 to the financial statements.

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DIRECTORS' REPORT (CONTD.)

DIRECTORS' INTEREST

According to the register of directors' shareholdings, 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:

	NO. OF ORDINARY SHARES OF RM0.30 EACH			
	1.7.2010	BOUGHT	SOLD	30.6.2011
The Company				
Direct Interests:				
Azmir Merican bin Dato' Azmi Merican	250,000	-	-	250,000
Roslan bin Mohd Latif	20,000	-	-	20,000
Dato' Sulaiman bin Mohd Yusof	50,000	50,000	-	100,000
N Chanthiran A/L Nagappan	162,000	-	(70,000)	92,000
Indirect Interests:				
Azmir Merican bin Dato' Azmi Merican	2,315,000	-	-	2,315,000
Dato' Ahmad Kabeer bin Mohamed Nagoor	82,764,652	-	(2,315,000)	80,449,652

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

The other director holding office at the end of the financial year had no interest in shares in the Company during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 1,000,000 (2010: 200,000) of its issued ordinary shares from the open market at an average price of RM0.28 per share. The total consideration paid for the repurchase including transaction costs was RM278,926 (2010: RM49,107). The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

As at 30 June 2011, the Company held as treasury shares a total of 3,236,800 (2010: 2,236,800) of its 228,679,227 (2010: 228,679,227) issued ordinary shares. Such treasury shares are held at a carrying amount of RM829,617 (2010: RM550,691) and further relevant details are disclosed in Note 23(b) to the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, 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 impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

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DIRECTORS' REPORT (CONTD.)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have 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 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 methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 34 to the financial statements. At the date of this report, there does not exist:-

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

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

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DIRECTORS' REPORT (CONTD.)

ISSUES OF SHARES AND DEBENTURES

During the financial year:

(a) there were no changes in the amount of the authorised share capital of the Company. The number of authorised share capital of the Company has been increased from 1,000,000,000 to 1,666,666,666 due to the change in par value as result of the capital reduction exercise pursuant to Section 64 of the Companies Act 1965;

(b) the Company decreased its issued and paid up capital from RM114,339,614 to RM68,603,769 by a capital reduction exercise pursuant to Section 64 of the Companies Act 1965 involving the cancellation of RM0.20 of the par value of the existing issued and paid-up ordinary shares of RM0.50 each in the Company to be off-set against the accumulated losses of the Company. The capital reduction does not affect the number of ordinary shares or rights attaching to the ordinary shares, except for the reduction in par value of each ordinary share of the Company from RM0.50 to RM0.30; and

(c) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company's ESOS is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting of the Company held on 29 November 2010 and is administered by the Company's ESOS Committee. The Company had on 31 March 2011 implemented an ESOS. As at 30 June 2011, the Company has not granted any share option to eligible employees or directors pursuant to the Company's ESOS.

The main features of the ESOS 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 bylaws, 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 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.

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DIRECTORS' REPORT (CONTD.)

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONTD.)

(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.

Todate, no share options have been granted under the ESOS, and as such no share options have been exercised.

SIGNIFICANT EVENTS

Details of the significant events are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 October 2011.

Dato' Nik Mod Amin bin Nik Abd Majid

Azmir Merican bin Dato' Azmi Merican

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, Dato' Nik Mod Amin bin Nik Abd Majid and Azmir Merican bin Dato' Azmi Merican, 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 72 to 157 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2011 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out in Note 40, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 October 2011.

Dato' Nik Mod Amin bin Nik Abd Majid

Azmir Merican bin Dato' Azmi Merican

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT 1965

I, Ronald Chow Tiam Poh, being the officer primarily responsible for the financial management of AWC Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 72 to 157 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed
Ronald Chow Tiam Poh
Kuala Lumpur in Federal Territory
on 25 October 2011

Ronald Chow Tiam Poh

Before me,

Mohd Radzi Bin Yasin
W327
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AWC BERHAD
(INCORPORATED IN MALAYSIA)
COMPANY NO : 550098 – A

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of AWC Berhad, which comprise the statements of financial position as at 30 June 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 72 to 157.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

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INDEPENDENT AUDITORS' REPORT – TO THE MEMBERS OF AWC BERHAD (CONTD.)

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2011 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 13 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 40 on page 158 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

James Chan Kuan Chee
Approval No: 2271/10/11(J)
Chartered Accountant

Kuala Lumpur
25 October 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	NOTE	2011 RM	2010 RM
Revenue	3	**153,901,766**	184,754,806
Cost of sales		**(104,175,301)**	(130,078,009)
Gross profit		**49,726,465**	54,676,797
Other operating income		**3,041,802**	2,170,870
Other operating expenses		**(36,070,834)**	(29,433,997)
Profit from operations	4	**16,697,433**	27,413,670
Finance costs, net	7	**(267,524)**	(331,093)
Share of loss in an associate		**-**	(960)
Profit before taxation		**16,429,909**	27,081,617
Income tax expense	8	**(2,679,284)**	(4,972,633)
Net profit for the financial year		**13,750,625**	22,108,984
Other comprehensive income:			
Foreign currency translation differences		**(801,492)**	(950,956)
Total comprehensive income for the financial year		**12,949,133**	21,158,028
Profit attributable to:			
Owners of the Company		**8,265,687**	11,818,523
Non-controlling interest		**5,484,938**	10,290,461
		13,750,625	22,108,984
Total comprehensive income attributable to:			
Owners of the Company		**8,379,855**	11,179,703
Non-controlling interest		**4,569,278**	9,978,325
		12,949,133	21,158,028
BASIC EARNINGS PER SHARE (SEN)	9	**3.7**	5.2

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	NOTE	2011 RM	2010 RM
ASSETS			
Non-current assets			
Property, plant and equipment	11	**10,003,435**	10,205,365
Investment properties	12	**3,328,788**	3,409,857
Other investments	15	**36,161**	36,161
Intangible assets - goodwill	16(i)	**9,459,167**	11,113,017
Intangible assets - others	16(ii)	**5,292,505**	4,911,535
Deferred tax assets	29	**138,818**	138,818
		28,258,874	29,814,753
Current assets			
Amount owing by jointly controlled entity	14	**4,685,464**	7,593,354
Inventories	17	**10,751,921**	11,375,688
Tax recoverable		**4,577,696**	2,024,130
Other receivables	18	**4,453,670**	2,866,263
Trade receivables	19	**50,848,866**	60,639,090
Cash and bank balances	22	**64,025,431**	57,135,353
		139,343,048	141,633,878
TOTAL ASSETS		**167,601,922**	171,448,631

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION – AS AT 30 JUNE 2011 (CONTD.)

	NOTE	2011 RM	2010 RM
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	23	**68,603,769**	114,339,614
Share premium	23(c)	**7,649,452**	7,649,452
Treasury shares	23(b)	**(829,617)**	(550,691)
Foreign exchange reserve	25	**(129,836)**	(244,004)
Statutory reserve	26	**306,802**	276,801
Accumulated losses		**(4,088,676)**	(51,522,374)
		71,511,894	69,948,798
Non-controlling interests		**24,291,166**	24,667,751
Total Equity		**95,803,060**	94,616,549
Non-current liabilities			
Provision for end of service benefit		**256,130**	170,347
Long-term borrowings	28	**4,301,908**	4,936,303
Deferred tax liabilities	29	**1,083,735**	891,212
		5,641,773	5,997,862
Current liabilities			
Trade payables	30	**41,168,825**	41,135,295
Other payables	31	**16,840,451**	23,790,251
Provision for taxation		**4,961,395**	3,339,255
Short-term borrowings	28	**3,186,418**	2,569,419
		66,157,089	70,834,220
Total Liabilities		**71,798,862**	76,832,082
TOTAL EQUITY AND LIABILITIES		**167,601,922**	171,448,631

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	← NON-DISTRIBUTABLE				→				
	SHARE CAPITAL RM	SHARE PREMIUM RM	TREASURY SHARES RM	FOREIGN EXCHANGE RESERVE RM	STATUTORY RESERVE RM	ACCUMULATED LOSSES RM	TOTAL RM	NON-CONTROLLING INTERESTS RM	TOTAL EQUITY RM
At 1 July 2009	114,339,614	7,649,452	(501,584)	706,952	138,232	(63,202,328)	59,130,338	14,377,290	73,507,628
Treasury shares:									
Repurchase (Note 23(b))	-	-	(49,107)	-	-	-	(49,107)	-	(49,107)
Transfer to statutory reserve	-	-	-	-	138,569	(138,569)	-	-	-
Total comprehensive income for the financial year	-	-	-	(950,956)	-	11,818,523	10,867,567	10,290,461	21,158,028
At 30 June 2010	114,339,614	7,649,452	(550,691)	(244,004)	276,801	(51,522,374)	69,948,798	24,667,751	94,616,549
At 1 July 2010	114,339,614	7,649,452	(550,691)	(244,004)	276,801	(51,522,374)	69,948,798	24,667,751	94,616,549
Effects of applying FRS 139	-	-	-	-	-	(831,667)	(831,667)	(639,263)	(1,470,930)
Restated balance	114,339,614	7,649,452	(550,691)	(244,004)	276,801	(52,354,041)	69,117,131	24,028,488	93,145,619
Capital reduction (Note 23)	(45,735,845)	-	-	-	-	45,735,845	-	-	-
Treasury shares:									
Repurchase (Note 23(b))	-	-	(278,926)	-	-	-	(278,926)	-	(278,926)
Transfer to statutory reserve	-	-	-	-	30,001	(30,001)	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	29,900	29,900
Total comprehensive income for the financial year	-	-	-	114,168	-	8,265,687	8,379,855	4,569,278	12,949,133
Dividend	-	-	-	-	-	(5,706,166)	(5,706,166)	(4,336,500)	(10,042,666)
AT 30 JUNE 2011	**68,603,769**	**7,649,452**	**(829,617)**	**(129,836)**	**306,802**	**(4,088,676)**	**71,511,894**	**24,291,166**	**95,803,060**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	NOTE	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**16,429,909**	27,081,617
Adjustments for:			
Net allowance for impairment losses on receivables		**638,972**	2,099,966
Amortisation of intangible assets - others		**1,317,589**	853,647
Bad debts written off		**26,651**	237,684
Depreciation of property, plant and equipment		**2,413,149**	2,382,394
Fair value adjustment on investment properties		**81,069**	81,069
Fair value loss on trade receivables		**1,081,077**	-
Fair value gain on trade payables		**(311,406)**	-
Impairment loss on goodwill		**1,653,850**	-
Interest expense		**980,088**	855,473
Inventories written down		**420,769**	97,526
Inventories written off		**-**	164,600
Net unrealised foreign exchange loss/(gain)		**182,110**	(45,447)
Property, plant and equipment written off		**1,996**	4,414
Provision for short-term accumulating compensated absences		**102,600**	45,393
Share of loss in an associate		**-**	960
Interest income		**(712,564)**	(524,380)
Net gain on disposal of plant and equipment		**(123,613)**	(227,275)
Payable written off		**-**	(530,016)
Operating profit before working capital changes		**24,182,246**	32,577,625
Decrease/(Increase) in inventories		**354,058**	(48,865)
Decrease/(Increase) in receivables		**10,598,773**	(17,291,662)
(Decrease)/Increase in payables		**(13,972,641)**	37,376,224
Decrease/(Increase) in amount owing by joint venture		**710,807**	(4,257,731)
Cash generated from operations		**21,873,243**	48,355,591
Interest paid		**(980,088)**	(855,473)
Deferred expenditure paid		**(1,698,559)**	(2,921,929)
Taxes paid		**(3,438,628)**	(2,360,431)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**15,755,968**	42,217,758

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

CONSOLIDATED STATEMENT OF CASH FLOWS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

	NOTE	2011 RM	2010 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease/(Increase) in amount owing by jointly controlled entity		**2,136,266**	(623,664)
Purchase of plant and equipment	32	**(1,906,731)**	(1,587,505)
Proceeds from disposal of plant and equipment		**199,550**	290,276
Interest received		**712,564**	524,380
Acquisition of equity interest in subsidiaries from non-controlling interests		**29,900**	-
Net cash generated from/(used in) investing activities		**1,171,549**	(1,396,513)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term loans		**(676,583)**	(1,060,420)
Repayment of trade loan		**-**	(820,000)
Repayment of hire purchase and lease payables		**(366,645)**	(388,240)
Drawdown/(Repayment) of bills payable		**450,000**	(533,385)
Acquisition of treasury shares		**(278,926)**	(49,107)
Dividends paid to owners		**(3,451,742)**	-
Dividends paid to non-controlling interests		**(4,336,500)**	-
Net cash used in financing activities		**(8,660,396)**	(2,851,152)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**8,267,121**	37,970,093
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**56,351,074**	18,530,105
Effects of exchange differences		**(1,551,642)**	(149,124)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		**63,066,553**	56,351,074
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash and bank balances	22	**23,306,316**	20,046,333
Deposits with licensed banks	22	**40,719,115**	37,089,020
Bank overdrafts	27	**(958,878)**	(784,279)
		63,066,553	56,351,074

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	NOTE	2011 RM	2010 RM
Revenue	3	**20,624,667**	6,972,171
Cost of sales		**-**	-
Gross profit		**20,624,667**	6,972,171
Other operating income		**-**	441,504
Other operating expenses		**(4,371,564)**	(4,770,512)
Profit from operations	4	**16,253,103**	2,643,163
Finance costs, net	7	**23,755**	158,356
Profit before taxation		**16,276,858**	2,801,519
Income tax expense	8	**(4,128,204)**	(1,084,473)
Net profit for the financial year		**12,148,654**	1,717,046
Other comprehensive income		**-**	-
Total comprehensive income for the financial year		**12,148,654**	1,717,046
Profit attributable to:			
Owners of the Company		**12,148,654**	1,717,046
Total comprehensive income attributable to:			
Owners of the Company		**12,148,654**	1,717,046

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	NOTE	2011 RM	2010 RM
ASSETS			
Non-current assets			
Plant and equipment	11	**388,853**	512,165
Investments in subsidiaries	13	**96,023,201**	95,944,101
		96,412,054	96,456,266
CURRENT ASSETS			
Tax recoverable		**1,089,274**	671,079
Other receivables	18	**3,733,338**	176,836
Amount owing by subsidiaries	21	**274,141**	694,398
Cash and bank balances	22	**78,012**	1,754,129
		5,174,765	3,296,442
TOTAL ASSETS		**101,586,819**	99,752,708
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	23	**68,603,769**	114,339,614
Share premium		**7,649,452**	7,649,452
Treasury shares	23(b)	**(829,617)**	(550,691)
Merger reserve	24	**12,522,542**	12,522,542
Retained profits/(Accumulated losses)	27	**8,139,433**	(44,038,900)
TOTAL EQUITY		**96,085,579**	89,922,017
Non-current liabilities			
Long-term borrowings	28	**110,130**	155,743
		110,130	155,743
Current liabilities			
Amount owing to subsidiaries	21	**2,353,763**	8,798,856
Other payables	31	**2,991,634**	832,354
Short-term borrowings	28	**45,713**	43,738
		5,391,110	9,674,948
TOTAL LIABILITIES		**5,501,240**	9,830,691
TOTAL EQUITY AND LIABILITIES		**101,586,819**	99,752,708

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	NON-DISTRIBUTABLE					
	SHARE CAPITAL RM	SHARE PREMIUM RM	TREASURY SHARES RM	MERGER RESERVE RM	(ACCUMULATED LOSSES)/ RETAINED PROFITS RM	TOTAL RM
At 1 July 2009	114,339,614	7,649,452	(501,584)	12,522,542	(45,755,946)	88,254,078
Treasury shares: Repurchase (Note 23(b))	-	-	(49,107)	-	-	(49,107)
Total comprehensive income for the financial year	-	-	-	-	1,717,046	1,717,046
At 30 June 2010	114,339,614	7,649,452	(550,691)	12,522,542	(44,038,900)	89,922,017
At 1 July 2010	114,339,614	7,649,452	(550,691)	12,522,542	(44,038,900)	89,922,017
Capital reduction	(45,735,845)	-	-	-	45,735,845	-
Treasury shares: Repurchase (Note 23(b)	-	-	(278,926)	-	-	(278,926)
Total comprehensive income for the financial year	-	-	-	-	12,148,654	12,148,654
Dividend (Note 10)	-	-	-	-	(5,706,166)	(5,706,166)
AT 30 JUNE 2011	**68,603,769**	**7,649,452**	**(829,617)**	**12,522,542**	**8,139,433**	**96,085,579**

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

	NOTE	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**16,276,858**	2,801,519
Adjustments for:			
Allowance for impairment losses		**-**	480,000
Depreciation of property, plant and equipment		**185,470**	176,696
Impairment losses on investment in subsidiaries		**-**	571,032
Interest expense		**31,858**	20,819
Loss on disposal of plant and equipment		**2,661**	-
Payable written off		**-**	(430,016)
Provision for short-term accumulating compensated absences		**3,727**	10,930
Interest income		**(55,613)**	(179,175)
Dividend income		**(18,284,667)**	(4,933,334)
Operating loss before working capital changes		**(1,839,706)**	(1,481,529)
(Increase)/Decrease in receivables		**(3,556,502)**	581,371
Decrease in payables		**(98,871)**	(5,915)
Net changes in related company balances		**(6,024,836)**	(94,663)
Cash used in operations		**(11,519,915)**	(1,000,736)
Interest paid		**(31,858)**	(20,819)
Income tax refund, net		**24,768**	-
Net cash used in operating activities		**(11,527,005)**	(1,021,555)

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STATEMENT OF CASH FLOWS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

	NOTE	2011 RM	2010 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries		**(79,100)**	-
Proceeds from disposal of plant and equipment		**221**	2,100
Purchase of plant and equipment	32	**(65,040)**	(72,431)
Interest received		**55,613**	179,175
Dividend received		**13,713,500**	2,000,000
Net cash generated from investing activities		**13,625,194**	2,108,844
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of term loan		**-**	(400,000)
Repayment of hire purchase payables		**(43,638)**	(41,762)
Acquisition of treasury shares		**(278,926)**	(49,107)
Dividends paid		**(3,451,742)**	-
Net cash used in financing activities		**(3,774,306)**	(490,869)
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES		**(1,676,117)**	596,420
CASH AND BANK BALANCES AT BEGINNING OF FINANCIAL YEAR		**1,754,129**	1,157,709
CASH AND BANK BALANCES AT END OF FINANCIAL YEAR	22	**78,012**	1,754,129

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

1. Corporate Information

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 13. There have been no significant changes in the nature of the principal activities during the financial year.

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 3rd Floor, No 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at 20-2, Subang Business Centre, Jalan USJ 9/5T, 47620 UEP Subang Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 October 2011.

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements of the Group have been prepared under the historical cost convention and comply with the Financial Reporting Standards ("FRS") and Companies Act 1965 in Malaysia. The new and revised FRS are described fully in Note 2.3.

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries, Jointly Controlled Entity and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities in which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit and loss.

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2. Significant Accounting Policies (CONTD.)

2.2 Summary of Significant Accounting Policies (CONTD.)

(a) Subsidiaries, Jointly Controlled Entity and Basis of Consolidation (CONTD.)

(ii) Jointly Controlled Entities

The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the proportionate consolidation method of accounting based on the financial statements of the joint venture made up to 30 June 2011. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements. The financial statements of the joint ventures are prepared for the same reporting dates as the parent company using consistent accounting policies. When the reporting dates of the parent company and the jointly controlled entities are different, the jointly controlled entity has prepared, for consolidation purposes, additional financial statements at the same date as the financial statements of the parent company. When necessary, adjustments are made to the financial statements of the joint venture to ensure consistency of accounting policies with those of the Group.

When the Group contributes or sells assets to the joint venture, any portion of gain or loss from transaction is recognised based on the substance of the transaction. When the Group purchases assets from the joint venture, the Group does not recognise its share of the profits of the joint venture from the transactions until it resells the asset to an independent party. The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint ventures.

(iii) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June 2011.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

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2. Significant Accounting Policies (CONTD.)

2.2 Summary of Significant Accounting Policies (CONTD.)

(a) Subsidiaries, Jointly Controlled Entity and Basis of Consolidation (CONTD.)

(iii) Basis of Consolidation (CONTD.)

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

<u>Business combinations from 1 July 2010 onwards</u>

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

2. Significant Accounting Policies (CONTD.)

2.2 Summary of Significant Accounting Policies (CONTD.)

(a) Subsidiaries, Jointly Controlled Entity and Basis of Consolidation (CONTD.)

(iii) Basis of Consolidation (CONTD.)

Business combinations before 1 July 2010

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

(b) Intangible Assets (CONTD.)

(i) Goodwill

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

Business combinations from 1 July 2010 onwards

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

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

Business combinations before 1 July 2010

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

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2. Significant Accounting Policies (CONTD.)

2.2 Summary of Significant Accounting Policies (CONTD.)

(b) Intangible Assets (CONTD.)

(ii) Others

Deferred Expenditure

Deferred expenditure relates to expenses incurred in advance for third parties for the contracted period and are charged to the statement of comprehensive income over the contractual period of 4 to 8 years on a straight-line basis when the services are performed.

Research and Development

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the costs can be measured reliably. Other development expenditure is recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Marketing Rights

Marketing rights are stated at cost and amortised using the straight-line method over the expected economic useful life of 5 years. The marketing rights are not revalued.

Software Licences

Software licences are stated at cost and amortised using the straight-line method over the expected economic useful lives of 5 years. The software licences are not revalued.

(c) Property, Plant and Equipment and Depreciation

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

Freehold land and capital work-in-progress are not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Freehold buildings	2%
Computer equipments and softwares	10 - 50%
Machinery, equipment and motor vehicles	10 - 20%
Furnitures, fittings and office equipment	8 - 20%
Electrical installations and renovation	10 - 33 1/3%

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

2. Significant Accounting Policies (CONTD.)

2.2 Summary of Significant Accounting Policies (CONTD.)

(c) Property, Plant and Equipment and Depreciation (CONTD.)

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds and the net carrying amount is recognised in profit or loss.

(d) Investment Properties

Investment properties are land or buildings held to earn rental income or for capital appreciation or both. Initially investment properties are measured at cost including transaction costs. Subsequent to the initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss in the financial year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

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

(e) Investments in Subsidiaries

The Company's investments in subsidiaries are stated at cost less impairment losses.

When an indication of impairment exists, the carrying value of the investment is reviewed and if found to be in excess of its recoverable value, is written down immediately to its recoverable amount. On the disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

2. Significant Accounting Policies (CONTD.)

2.2 Summary of Significant Accounting Policies (CONTD.)

(f) Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

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

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

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

(g) Impairment of Non-financial Assets

The carrying amounts of the Group's assets, other than financial assets (excluding investments in subsidiaries, associates and jointly controlled entities), investment properties measured at fair value, construction contract assets, property development costs, inventories and 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 asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at end of each reporting period or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

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2. Significant Accounting Policies (CONTD.)

2.2 Summary of Significant Accounting Policies (CONTD.)

(g) Impairment of Non-financial Assets (CONTD.)

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

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

(h) Inventories

Inventories consist of consumables, trading and installation goods.

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

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

(i) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

2. Significant Accounting Policies (CONTD.)

2.2 Summary of Significant Accounting Policies (CONTD.)

(i) Financial Instruments (CONTD.)

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit and loss financial assets, loans and receivables financial assets, held-to-maturity investments financial assets, or available-for-sale financial assets, as appropriate.

- **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 asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised on profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

- **Held-to-maturity Investments**

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- **Loans and Receivables Financial Assets**

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- **Available-for-sale Financial Assets**

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

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

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2. Significant Accounting Policies (CONTD.)

2.2 Summary of Significant Accounting Policies (CONTD.)

(i) Financial Instruments (CONTD.)

(i) Financial Assets (CONTD.)

- **Available-for-sale Financial Assets (CONTD.)**

  Dividend on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(ii) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(iii) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, short-term highly liquid investments and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(iv) Other Non-Current Investments

Non-current investments other than investments in subsidiaries, associates and jointly controlled entities are stated at cost less impairment losses. On the disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(v) Borrowings Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualified assets are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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2. Significant Accounting Policies (CONTD.)

2.2 Summary of Significant Accounting Policies (CONTD.)

(i) Financial Instruments (CONTD.)

(vi) Equity Instruments

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

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

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

(j) Hire Purchase and Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to the ownership of an asset acquired. All other leases are classified as operating leases.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases. The corresponding liability is included in the statements of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used.

The minimum lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the statement of comprehensive income over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable plant and equipment as described in Note 2.2(c).

2. Significant Accounting Policies (CONTD.)

2.2 Summary of Significant Accounting Policies (CONTD.)

(k) Associates

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

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

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

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

(l) Provisions for Liabilities

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

(m) Income Tax

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the end of the reporting period.

Deferred tax is provided for, using the liability method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unutilised tax credits to the extent that it is probable that taxable profit will be available against which these can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination cost or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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2. Significant Accounting Policies (CONTD.)

2.2 Summary of Significant Accounting Policies (CONTD.)

(m) Income Tax (CONTD.)

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 that have been enacted at the end of the reporting period. Deferred tax is recognised in the statement of comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination cost.

(n) Employee Benefits

(i) Short-term Benefits

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

(ii) Defined Contribution Plans

As required by law, enterprises in Malaysia make contributions to the Employees Provident Fund ("EPF"). Two of the Group's foreign subsidiaries make contributions to their country's statutory pension scheme. Such contributions are recognised as an expense in the statement of comprehensive income when incurred.

(iii) Unfunded Defined Benefit Scheme

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

(o) Revenue Recognition

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

(i) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2(f).

(ii) Sale of Goods

Revenue relating to sale of goods is recognised net of discounts, if any, upon the transfer of risks and rewards.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

2. Significant Accounting Policies (CONTD.)

2.2 Summary of Significant Accounting Policies (CONTD.)

(o) Revenue Recognition (CONTD.)

(iii) Revenue from Services

Revenue from services rendered is recognised net of service tax and discounts, if any, as and when the services are performed.

(iv) Rental Income

Rental income is accounted for on an accrual basis.

(v) Dividend Income

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

(vi) Interest Income

Interest income is accounted for on an accrual basis.

(p) Foreign Currencies

(i) Functional and Presentation Currencies

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

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the respective functional currencies using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising from the settlement of monetary items, and from the retranslation of monetary items, are included in profit or loss for the period except for exchange differences arising from monetary items that form part of the Group's net investment in foreign operations. Exchange differences arising from monetary items that form part of the Group's net investment in foreign operations, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operations, are initially taken directly to the foreign currency translation reserve within equity in the consolidated statement of financial position until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising from monetary items that form part of the Company's net investment in foreign operations, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operations, as appropriate.

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2. Significant Accounting Policies (CONTD.)

2.2 Summary of Significant Accounting Policies (CONTD.)

(p) Foreign Currencies (CONTD.)

(ii) Foreign Currency Transactions (CONTD.)

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

(iii) Foreign Entities

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of comprehensive income. All resulting translation differences are recognised in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

(q) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will than be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Company.

(r) Operating Segments

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

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

2. Significant Accounting Policies (CONTD.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised Financial Reporting Standards ("FRS")

The financial statements of the Group have been prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRS 1 (Revised)	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised)	Business Combinations	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 101 (Revised)	Presentation of Financial Statements	1 January 2010
FRS 123 (Revised)	Borrowing Costs	1 January 2010
FRS 127 (Revised)	Consolidated and Separate Financial Statements	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 (Revised) and FRS127 (Revised)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2	Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2	Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 5	Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9		1 January 2010
Amendments to FRS 101 (Revised) and FRS 132	Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2010
Amendments to FRS 132	Classification of Rights Issues and the Transitional Provision In Relation to Compound Instruments	1 January 2010 / 1 March 2010
Amendments to FRS 138	Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 9	Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2: Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Annual Improvements to FRSs (2009)		1 January 2010

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

2. Significant Accounting Policies (CONTD.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised Financial Reporting Standards ("FRS") (CONTD.)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(ii) The Group considers financial guarantee contracts entered into to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 has no impact on the financial statements of the Group.

(iii) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 July 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 - Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

(iv) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income. In addition, a statement of financial position is required at the beginning of earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the statement. FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 35(b) to the financial statements. Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

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2. Significant Accounting Policies (CONTD.)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised Financial Reporting Standards ("FRS") (CONTD.)

(v) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments. Adjustments arising from the change in accounting policies and remeasuring the financial instruments at the beginning of the financial year are recognised as adjustment to the opening balance of accumulated losses as follows:-

	GROUP ACCUMULATED LOSSES RM	COMPANY ACCUMULATED LOSSES RM
At 1 July 2010, as previously stated	**51,522,374**	**44,038,900**
Adjustment arising from adoption of FRS 139:		
Fair value of financial assets – trade receivables	**1,470,930**	**-**
Share of fair value adjustment in non-controlling interest	**(639,263)**	**-**
Decrease in reserves	**831,667**	**-**
AT 1 JULY 2010, AS RESTATED	**52,354,041**	**44,038,900**

Prior to 1 July 2010, receivables are carried at anticipated realisable values. With the adoption of FRS 139, receivables are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Interest income is recognised in profit or loss using the effective interest method. An impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

These financial impacts are recognised as an adjustment to the opening balance of retained profits or another appropriate reserve upon the adoption of FRS 139. Comparatives are not adjusted/represented by virtue of the exemption given in this standard.

(vi) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(vii) Amendments to FRS 1 and FRS 127 remove the definition of 'cost method' currently set out in FRS 127, and instead require an investor to recognise all dividends from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will be no financial impact on the financial statements of the Company for the current financial year but may impact the accounting for future transactions or arrangements.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

2. **Significant Accounting Policies (CONTD.)**

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised Financial Reporting Standards ("FRS") (CONTD.)

(viii) Amendments to FRS 2: Vesting Conditions and Cancellation clarify the definition of vesting conditions for the purposes of FRS 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations. There is no financial impact on the financial statements of the Group for the current financial year.

(ix) Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised) clarify that business combination among entities under common control and the contribution of a business upon the formation of a joint venture will not be accounted for under FRS 2. There is no financial impact on the financial statements of the Group for the current financial year.

(x) IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent reporting period. There is no financial impact on the financial statements of the Group for the current financial year.

The Group has not adopted the following FRSs, amendments and IC Interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) as at the date of authorisation of these financial statements but are not yet effective for the Group:

FRSs, AMENDMENTS TO FRSs AND IC INTERPRETATIONS (INCLUDING THE CONSEQUENTIAL AMENDMENTS)		EFFECTIVE DATE
FRS 124 (Revised)	Related Party Disclosures	1 July 2010
Amendments to FRS 1 (Revised)	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1 (Revised)	Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 4	Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 18	Transfer of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvements to FRSs (2010)		1 January 2011

The above accounting standards and interpretations (including the consequential amendments) are expected to have no material impact on the financial statements of the Group upon its initial application except as follows:-

(i) Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application except for the classification of the liability component of convertible financial instruments as non-current based on when cash settlement is required to be made, notwithstanding the fact that the Group could be required by the counterparty to settle in shares at any time.

2. Significant Accounting Policies (CONTD.)

2.4 Significant Judgement and Estimates

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosures of contingent assets and contingent liabilities, where applicable. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

Estimates and judgements are continually evaluated by the directors are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the financial statements are discussed below:

(i) Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGUs to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 30 June 2011 amounted to RM9,459,167 (2010: RM11,113,017). Further details are disclosed in Note 16(i).

(ii) Revenue Recognition on Construction Contracts

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

(iii) Depreciation of Property, Plant and Equipment

The cost of property, plant and equipment are depreciated on a straight-line basis over the assets' useful lives. Changes in the expected level of usage could impact the economic useful life and the residual values of those assets, therefore future depreciation charges could be revised.

The Group and the Company anticipate that the residual values of their property, plant and equipment will be insignificant. As a result, the residual values are not being taken into consideration for the computation of the depreciable amount.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

2. Significant Accounting Policies (CONTD.)

2.4 Significant Judgement and Estimates (CONTD.)

(iv) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(v) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(vi) Allowance for Inventories

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

(vii) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(viii)Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(ix) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

2. Significant Accounting Policies (CONTD.)

2.4 Significant Judgement and Estimates (CONTD.)

(x) Classification Between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed a criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

3. Revenue

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Facilities	**47,650,988**	44,358,425	**-**	-
Engineering	**26,782,294**	24,920,571	**-**	-
Technology	**7,209,973**	13,824,112	**-**	-
Environment	**72,258,511**	101,651,698	**-**	-
Dividend income	**-**	-	**18,284,667**	4,933,334
Management fees	**-**	-	**2,340,000**	2,038,837
	153,901,766	184,754,806	**20,624,667**	6,972,171

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

4. Profit from Operations

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit from operations is stated after charging/ (crediting):				
Employee benefits expense (Note 5)	**28,097,706**	23,828,070	**2,414,123**	1,359,907
Non-executive directors' fees (Note 6)	**345,357**	382,379	**253,700**	227,200
Net allowance for impairment losses on receivables	**638,972**	2,099,966	**-**	480,000
Amortisation of intangible assets - others (Note 16(ii))	**1,317,589**	853,647	**-**	-
Auditors' remuneration:				
- Current financial year	**187,715**	164,600	**35,000**	30,000
- Overprovision in prior financial years	**(2,000)**	(100)	**-**	-
Bad debts written off	**26,651**	237,684	**-**	-
Depreciation of property, plant and equipment (Note 11)	**2,413,149**	2,382,394	**185,470**	176,696
Fair value adjustment on investment properties (Note 12)	**81,069**	81,069	**-**	-
Impairment losses on				
- Goodwill	**1,653,850**	-	**-**	-
- Investment in subsidiaries	**-**	-	**-**	571,032
Inventories written down	**420,769**	97,526	**-**	-
Inventories written off	**-**	164,600	**-**	-
Net foreign exchange loss/(gain):				
- Realised	**512,636**	798,150	**(10,041)**	(11,488)
- Unrealised	**182,110**	(45,447)	**-**	-
Rental expense for:				
- Buildings	**1,676,890**	1,537,759	**42,000**	42,000
- Machineries	**95,566**	22,140	**-**	-
Rental income	**(152,228)**	(156,870)	**-**	-
Property, plant and equipment written off	**1,996**	4,414	**-**	-
Fair value loss/(gain) on:-				
- trade receivables	**1,081,077**	-	**-**	-
- trade payables	**(311,406)**	-	**-**	-
Net (gain)/loss on disposal of plant and equipment	**(123,613)**	(227,275)	**2,661**	-
Payable written off	**-**	(530,016)	**-**	(430,016)

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

5. Employee Benefits Expense

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Salaries and wages	**24,141,147**	18,611,477	**2,018,734**	1,070,933
Employees Provident Fund	**2,168,692**	1,659,765	**256,413**	143,024
Social Security contributions	**184,640**	162,993	**6,452**	6,293
Provision for short-term accumulating compensated absences	**30,725**	45,393	**3,727**	10,930
Gratuity expenses	**96,000**	-	**-**	-
Other staff related expenses	**1,476,502**	3,348,442	**128,797**	128,727
	28,097,706	23,828,070	**2,414,123**	1,359,907

Included in staff costs of the Group and of the Company are executive directors' emoluments amounting to RM3,927,230 (2010: RM3,216,229) and RM1,003,935 (2010: RM886,820) respectively as further disclosed in Note 6.

6. Directors' Remuneration

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors of the Company				
Executive:				
Salaries and other emoluments	**895,827**	791,247	**895,827**	791,247
Employees Provident Fund and Social Security contributions	**108,108**	95,573	**108,108**	95,573
	1,003,935	886,820	**1,003,935**	886,820
Non-Executive:				
Fees	**253,700**	227,200	**253,700**	227,200
	1,257,635	1,114,020	**1,257,635**	1,114,020

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

6. Directors' Remuneration (CONTD.)

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors of Subsidiaries				
Executive:				
Salaries and other emoluments	**2,637,419**	2,170,402	**-**	-
Employees Provident Fund and Social Security contributions	**205,366**	113,297	**-**	-
Bonus	**80,510**	45,710	**-**	-
	2,923,295	2,329,409	**-**	-
Non-Executive:				
Fees	**91,657**	155,179	**-**	-
	3,014,952	2,484,588	**-**	-
TOTAL	**4,272,587**	3,598,608	**1,257,635**	1,114,020
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration excluding benefits-in-kind (Note 5)	**3,927,230**	3,216,229	**1,003,935**	886,820
Total non-executive directors' remuneration (Note 4)	**345,357**	382,379	**253,700**	227,200
TOTAL DIRECTORS' REMUNERATION EXCLUDING BENEFITS-IN-KIND	**4,272,587**	3,598,608	**1,257,635**	1,114,020

Remuneration in the form of benefits-in-kind paid to the executive directors of the Group for the financial year amounted to RM78,675 (2010: RM69,655).

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

	NUMBER OF DIRECTORS	
	2011	2010
RM850,001 – RM900,000	**-**	1
RM1,000,001 – RM1,050,000	**1**	-
Non-executive directors:		
Below RM100,000	**3**	3
RM100,001 - RM150,000	**1**	1
RM350,001 - RM400,000	**-**	1
RM450,001 - RM500,000	**1**	-

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

7. Finance Costs

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest expense on:				
Bank overdrafts	**75,576**	81,241	**-**	-
Bank guarantees	**26,638**	8,419	**-**	-
Term loans	**448,738**	293,970	**-**	10,662
Revolving credit	**52,929**	-	**-**	-
Hire purchase and finance lease	**127,953**	71,904	**7,490**	9,466
Others	**248,254**	399,939	**24,368**	691
Interest income	**(712,564)**	(524,380)	**(55,613)**	(179,175)
	267,524	331,093	**(23,755)**	(158,356)

8. Income Tax Expense

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Current tax:				
For the financial year	**2,674,967**	4,878,603	**4,358,000**	1,084,473
Overprovision in prior financial years	**(187,039)**	(33,573)	**(229,796)**	-
	2,487,928	4,845,030	**4,128,204**	1,084,473
Deferred taxation (Note 29):				
Relating to origination and reversal of temporary differences	**122,656**	145,603	**-**	-
Relating to reduction in tax rate	**-**	-	**-**	-
Under/(Over)provision in prior financial years	**68,700**	(18,000)	**-**	-
	191,356	127,603	**-**	-
	2,679,284	4,972,633	**4,128,204**	1,084,473

The domestic statutory tax rate is 25% (2010: 25%).

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

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

8. Income Tax Expense (CONTD.)

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Profit before taxation	**16,429,909**	27,081,617	**16,276,858**	2,801,519
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	**4,107,477**	6,770,404	**4,069,215**	700,380
Effect of different tax rates in other countries	**(250,478)**	(133,819)	**-**	-
Effect of partial tax exemption	**(61,961)**	(36,476)	**-**	-
Effect of expenses not deductible for tax purposes	**2,363,426**	1,059,450	**288,785**	384,093
Effect of income not subject to tax	**(4,025,789)**	(2,697,937)	**-**	-
Income exempted under pioneer status	**(14,808)**	(20,250)	**-**	-
Effect of utilisation of previously unrecognised deferred tax assets	**(3,000)**	(71,370)	**-**	-
Deferred tax assets not recognised during the year	**682,756**	154,204	**-**	-
Under/(Over)provision of deferred tax in prior financial year	**68,700**	(18,000)	**-**	-
Overprovision of tax expense in prior financial years	**(187,039)**	(33,573)	**(229,796)**	-
	2,679,284	4,972,633	**4,128,204**	1,084,473

9. Basic Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	2011	2010
Net profit for the financial year (RM)	**8,265,687**	11,818,523
Weighted average number of ordinary shares in issue, excluding treasury shares	**226,298,591**	226,526,263
Basic earnings per share (sen)	**3.7**	5.2

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

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

10. Dividends

	COMPANY			
	AMOUNT		NET DIVIDENDS PER ORDINARY SHARE	
	2011 RM	2010 RM	2011 RM	2010 RM
In respect of financial year ended 30 June 2010:				
- final dividend of 2% less income tax of 25% paid on 7 January 2011	1,697,588	-	0.75	-
In respect of financial year ended 30 June 2011:				
- first interim dividend of:				
- 1.8% less income tax of 25% paid on 8 April 2011	1,527,811	-	0.67	-
- 0.2% tax-exempted paid on 8 April 2011	226,343	-	0.10	-
- second interim single-tier dividend of 1 sen per share, paid on 15 August 2011	2,254,424	-	1.00	-
	5,706,166	-		

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

11. Property, Plant And Equipment

	LAND AND BUILDINGS*	COMPUTER EQUIPMENT AND SOFTWARE	MACHINERY, EQUIPMENT AND MOTOR VEHICLES	FURNITURE, FITTINGS AND OFFICE EQUIPMENT	ELECTRICAL INSTALLATIONS AND RENOVATION	TOTAL
	RM	RM	RM	RM	RM	RM
Group						
At 30 June 2011						
Cost						
At 1 July 2010	4,226,295	7,721,366	8,335,517	5,895,919	1,119,899	27,298,996
Additions	-	475,881	882,352	418,739	516,749	2,293,721
Disposals	-	(65,890)	(156,210)	(87,927)	(9,968)	(319,995)
Writeoffs	-	(11,823)	(1,210)	(5,700)	-	(18,733)
Translation differences	-	(15,597)	24,458	6,235	304	15,400
At 30 June 2011	4,226,295	8,103,937	9,084,907	6,227,266	1,626,984	29,269,389
Accumulated Depreciation						
At 1 July 2010	656,525	6,374,229	5,113,902	4,010,614	938,361	17,093,631
Charge for the financial year	71,328	688,308	1,111,213	394,407	147,893	2,413,149
Disposals	-	(27,973)	(126,393)	(79,724)	(9,968)	(244,058)
Writeoffs	-	(11,274)	(203)	(5,260)	-	(16,737)
Translation differences	-	(3,106)	15,075	6,482	1,518	19,969
At 30 June 2011	727,853	7,020,184	6,113,594	4,326,519	1,077,804	19,265,954
NET CARRYING AMOUNT AT 30 JUNE 2011	**3,498,442**	**1,083,753**	**2,971,313**	**1,900,747**	**549,180**	**10,003,435**

NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

11. Property, Plant And Equipment (CONTD.)

	LAND AND BUILDINGS*	COMPUTER EQUIPMENT AND SOFTWARE	MACHINERY, EQUIPMENT AND MOTOR VEHICLES	FURNITURE, FITTINGS AND OFFICE EQUIPMENT	ELECTRICAL INSTALLATIONS AND RENOVATION	TOTAL
	RM	RM	RM	RM	RM	RM
Group						
At 30 June 2010						
Cost						
At 1 July 2009	4,226,295	7,122,702	7,555,817	5,612,573	990,994	25,508,381
Additions	-	718,766	1,606,944	308,894	132,596	2,767,200
Disposals	-	(74,288)	(803,528)	(4,216)	-	(882,032)
Writeoffs	-	(13,626)	(4,910)	-	-	(18,536)
Translation differences	-	(32,188)	(18,806)	(21,332)	(3,691)	(76,017)
At 30 June 2010	4,226,295	7,721,366	8,335,517	5,895,919	1,119,899	27,298,996
Accumulated Depreciation						
At 1 July 2009	585,198	5,601,129	4,995,150	3,574,910	826,588	15,582,975
Charge for the financial year	71,327	828,710	919,033	449,255	114,069	2,382,394
Disposals	-	(29,554)	(787,589)	(1,887)	-	(819,030)
Writeoffs	-	(11,042)	(3,080)	-	-	(14,122)
Translation differences	-	(15,014)	(9,612)	(11,664)	(2,296)	(38,586)
At 30 June 2010	656,525	6,374,229	5,113,902	4,010,614	938,361	17,093,631
NET CARRYING AMOUNT AT 30 JUNE 2010	3,569,770	1,347,137	3,221,615	1,885,305	181,538	10,205,365

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

11. Property, Plant And Equipment (CONTD.)

* LAND AND BUILDINGS	FREEHOLD LAND RM	FREEHOLD BUILDINGS RM	TOTAL RM
Group			
At 30 June 2011			
Cost			
At 1 July 2010 / 30 June 2011	660,000	3,566,295	4,226,295
Accumulated Depreciation			
At 1 July 2010	-	656,525	656,525
Charge for the financial year	-	71,328	71,328
At 30 June 2011	-	727,853	727,853
NET CARRYING AMOUNT AT 30 JUNE 2011	**660,000**	**2,838,442**	**3,498,442**
At 30 June 2010			
Cost			
At 1 July 2009 / 30 June 2010	660,000	3,566,295	4,226,295
Accumulated Depreciation			
At 1 July 2009	-	585,198	585,198
Charge for the financial year	-	71,327	71,327
At 30 June 2010	-	656,525	656,525
NET CARRYING AMOUNT AT 30 JUNE 2010	660,000	2,909,770	3,569,770

NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

11. Property, Plant And Equipment (CONTD.)

	MOTOR VEHICLE RM	COMPUTER EQUIPMENT AND SOFTWARE RM	FURNITURE, FITTINGS AND OFFICE EQUIPMENT RM	RENOVATION RM	TOTAL RM
Company					
At 30 June 2011					
Cost					
At 1 July 2010	353,174	470,366	48,957	67,745	940,242
Additions	-	50,800	14,240	-	65,040
Disposals	-	-	(5,700)	-	(5,700)
At 30 June 2011	353,174	521,166	57,497	67,745	999,582
Accumulated Depreciation					
At 1 July 2010	200,132	198,006	18,190	11,749	428,077
Charge during the financial year	70,636	91,666	9,619	13,549	185,470
Disposals during the financial year	-	-	(2,818)	-	(2,818)
At 30 June 2011	270,768	289,672	24,991	25,298	610,729
NET CARRYING AMOUNT AT 30 JUNE 2011	**82,406**	**231,494**	**32,506**	**42,447**	**388,853**
At 30 June 2010					
Cost					
At 1 July 2009	353,174	433,776	29,616	53,345	869,911
Additions	-	36,590	21,441	14,400	72,431
Disposals	-	-	(2,100)	-	(2,100)
At 30 June 2010	353,174	470,366	48,957	67,745	940,242
Accumulated Depreciation					
At 1 July 2009	129,497	111,574	10,310	-	251,381
Charge during the financial year	70,635	86,432	7,880	11,749	176,696
Disposals during the financial year	-	-	-	-	-
At 30 June 2010	200,132	198,006	18,190	11,749	428,077
NET CARRYING AMOUNT AT 30 JUNE 2010	153,042	272,360	30,767	55,996	512,165

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

11. Property, Plant And Equipment (CONTD.)

(a) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use costing RM12,141,290 (2010: RM8,341,844).

(b) Net book values of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Motor vehicles	**2,147,384**	1,725,433	**82,406**	153,042
Computer equipment and software	**140,921**	306,058	**-**	-
Office equipment	**34,253**	41,115	**-**	-
	2,322,558	2,072,606	**82,406**	153,042

(c) Freehold land and freehold buildings of the Group with a total net book value of RM2,437,042 (2010: RM3,569,770) have been pledged to financial institutions for borrowings as disclosed in Note 28(i)(c).

(d) Property, plant and equipment of the Group with a total net book value of RM2,914,304 (2010: RM2,275,996) have been secured via a negative pledge to financial institutions for borrowings as disclosed in Note 28(i)(d).

12. Investment Properties

	FREEHOLD BUILDINGS RM
Group	
At fair value	
At 1 July 2010	3,490,926
Fair value adjustment	(81,069)
At 30 June 2010 / 1 July 2011	3,409,857
Fair value adjustment	(81,069)
AT 30 JUNE 2011	**3,328,788**

Separate strata titles have yet to be issued by the relevant authority for the above investment properties.

The freehold buildings of the Group with a carrying amount of RM2,245,570 (2010: RM3,384,557) has been pledged to financial institutions for borrowings as disclosed in Note 28(i)(c).

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

13. Investments In Subsidiaries

	COMPANY 2011 RM	COMPANY 2010 RM
Unquoted shares, at cost		
At 1 July 2010/2009	**115,326,003**	115,326,003
Addition	**79,100**	-
Less: Accumulated impairment losses	**(19,381,902)**	(19,381,902)
AT 30 JUNE 2011/2010	**96,023,201**	95,944,101

Details of the subsidiaries are as follows:

NAME OF COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY INTEREST 2011	EFFECTIVE EQUITY INTEREST 2010	PRINCIPAL ACTIVITIES
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 Solamas Sdn. Bhd. ("AWC Solamas")	Malaysia	**51%**	-	Building integrated photovoltaic projects.
AWC Facilities Engineering Sdn. Bhd. ("AFESB")	Malaysia	**75%**	-	Facilities management.
M & C Engineering and Trading Sdn. Bhd. ^ ("M&C(M)")	Malaysia	**100%**	100%	Air-conditioning and building automation.
M & C Engineering and Trading (S) Pte. Ltd. *^ ("M&C(S)")	Singapore	**100%**	100%	Air-conditioning and building automation.
Environmental & Landscape Services Sdn. Bhd. ^ ("ELS")	Malaysia	**100%**	100%	Landscaping.
Stream FZE *	Abu Dhabi, United Arab Emirates	**51%**	51%	Trading in building materials, environmental protection equipment, pumps, engines, valves and spare parts.
Nexaldes Sdn. Bhd. ("NSB")	Malaysia	**51%**	51%	General trading and installation of cleaning equipment and vacuum systems, automated vacuum waste collection system, pipe networks and specialised connections.
Stream Environment (S) Pte. Ltd. (formerly known as Nexaldes (S) Pte. Ltd.) * ("SEPL")	Singapore	**51%**	51%	Importers, dealers and contractors of industrial and domestic cleaning equipment and appliances.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

13. Investments In Subsidiaries (CONTD.)

NAME OF COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY INTEREST 2011	EFFECTIVE EQUITY INTEREST 2010	PRINCIPAL ACTIVITIES
Beam Central Vacuum Systems (M) Sdn. Bhd. ("BCVS")	Malaysia	**51%**	51%	Dormant.
Stream Industries Sdn. Bhd. ("SISB")	Malaysia	**51%**	51%	Environmental engineering and general trading.
Stream Environment Sdn. Bhd. ("SESB")	Malaysia	**51%**	-	Environmental engineering and general trading.
Infinite QL Sdn. Bhd. ("IQL")	Malaysia	**51%**	51%	Research and development in microelectronics and software products, manufacture and distribution of consumer electronics and security related products.
Cardax Sales & Services Sdn. Bhd. ("Cardax")	Malaysia	**51%**	51%	Research and development in microelectronics and software products, manufacture and distribution of consumer electronics and security related products.
Vdosoft Sdn. Bhd. ("VDO")	Malaysia	**51%**	51%	Research and development in microelectronics and software products, manufacture and distribution of consumer electronics and security related products.
Device 4U Sdn. Bhd. ("D4U")	Malaysia	**51%**	51%	Research and development in microelectronics and software products, manufacture and distribution of consumer electronics and security related products.
Meps Devices Sdn. Bhd. ("MEPS")	Malaysia	**51%**	51%	Research and development in microelectronics and software products, manufacture and distribution of consumer electronics and security related products.
IQL Consulting Sdn. Bhd. ("IQLC")	Malaysia	**51%**	51%	Consultancy services and training.

* Audited by firms of chartered accountants other than Messrs. Crowe Horwath.
^ Consolidated under merger method of accounting.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

13. Investments In Subsidiaries (CONTD.)

(a) Acquisition in the current financial year

On 10 August 2010, NSB, a 51% subsidiary of the Company, acquired 2 shares of RM1.00 each in SESB, representing 100% of the issued and paid-up share capital of SESB for a total cash consideration of RM2.00.

On 8 November 2010, the Company entered into a shareholders' agreement with Solamas Sdn Bhd, for the incorporation of AWC Solamas with the issued and paid-up capital of RM10,000 divided into 10,000 ordinary shares of RM1.00 each. The Company held 51% equity interest in AWC Solamas.

On 25 May 2011, AFESB was incorporated with the issued and paid-up capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each. The Company and AWFM holds 74% and 1% equity interest in AFESB respectively.

(i) The acquisitions undertaken in the current financial year had the following effect on the Group's financial results:

	GROUP 2011 RM
Revenue	**10,382,285**
Profit before taxation	**767,154**
Net profit for the financial year	**422,454**

14. Jointly Controlled Entity

Details of the subsidiaries are as follows:

NAME OF COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY INTEREST 2011	EFFECTIVE EQUITY INTEREST 2010	PRINCIPAL ACTIVITIES
Multi Link Environmental Services LLC ("MLES")	Abu Dhabi, United Arab Emirates	**33%**	33%	Designing, supplying and installing of automated waste collection systems.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

14. Jointly Controlled Entity (CONTD.)

(a) The Group's share of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the jointly controlled entity, which is included in the consolidated financial statements is as follows:

	2011 RM	2010 RM
Assets and liabilities		
Current assets	**9,553,549**	16,453,574
Non-current assets	**20,905**	87,185
TOTAL ASSETS	**9,574,454**	16,540,759
Current liabilities	**6,441,329**	13,136,739
Non-current liabilities	**15,193**	26,089
TOTAL LIABILITIES	**6,456,522**	13,162,828

(b)

	2011 RM	2010 RM
Results		
Profit for the financial year	**160,204**	1,929,860

(c)

	2011 RM	2010 RM
Trade	**3,546,924**	4,257,731
Non-trade	**1,138,540**	3,335,623
	4,685,464	7,593,354

The Company's normal trade credit terms range from 30 to 60 days.

The non-trade balance is unsecured, interest-free and repayable on demand. In the previous financial year, the amount owing bore interest at an average rate of 5.29% per annum. The amounts owing are to be settled in cash.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

15. Other Investments

	GROUP	
	2011 RM	2010 RM
At cost		
Investment in golf club membership	**34,500**	34,500
Investment in associate	**1,661**	1,661
	36,161	36,161

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

NAME OF COMPANY	PRINCIPAL ACTIVITIES	EFFECTIVE EQUITY INTEREST 2011	EFFECTIVE EQUITY INTEREST 2010
Premium Patents Sdn. Bhd.	Dormant	**49%**	49%

The amount due from the associate is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

Upon adoption of FRS 139 during the financial year, the Group designated its investment in golf club membership and unquoted shares as available-for-sale financial assets and stated at cost as their fair value cannot be reliably measured using the valuation technique, due to lack of marketability of the shares.

16. Intangible Assets

(i) Goodwill

	GROUP	
	2011 RM	2010 RM
At 1 July 2010/2009	**11,113,017**	11,113,017
Impairment loss	**(1,653,850)**	-
AT 30 JUNE 2011/2010	**9,459,167**	11,113,017

*

NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

16. Intangible Assets (CONTD.)

(i) Goodwill (CONTD.)

(a) Impairment tests for goodwill

Allocation of goodwill to CGUs

The Group's goodwill has been allocated to the respective Cash Generating Units all of which operate in the Technology and Environment segments are as follows:

	2011 RM	2010 RM
CGU		
Technology - IQL and its subsidiaries	**2,936,944**	4,590,794
Environment - NSB and its subsidiaries	**6,522,223**	6,522,223
	9,459,167	11,113,017

During the financial year, an impairment loss of RM1,653,850 is made on the goodwill arosed from technology segment due to the deterioration of business and market conditions.

Key assumptions used in value-in-use computations

The recoverable amount for all CGUs are determined based on value-in-use calculations using pre-tax cash flow projections based on financial budgets estimated by management covering a 3 to 5 year period using estimated growth rates which are based on past performance and their expectations of market developments and are discounted at pre-tax discount rate of 10.28%. Cash flows beyond the period are not included in the computation of value-in-use on the grounds of prudence.

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

	GROSS MARGIN	GROWTH RATE	DISCOUNT RATE
Technology - IQL and its subsidiaries	33%	5%	10.28%
Environment - NSB and its subsidiaries	34%	25%	10.28%

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

16. Intangible Assets (CONTD.)

(i) Goodwill (CONTD.)

(a) Impairment tests for goodwill (CONTD.)

(i) Gross Margin

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

(ii) Revenue Growth

Revenue growth over the 3 to 5 year period is projected based on management's estimation taking into consideration secured orders, anticipated identified future projects/contracts and historical growth rates.

(iii) Discount Rates

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

Sensitivity to changes in assumptions

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

(ii) Others

GROUP	DEFERRED EXPENDITURE RM	DEVELOPMENT EXPENDITURE RM	MARKETING RIGHTS RM	SOFTWARE LICENCES RM	TOTAL RM
At 30 June 2011					
Cost					
At 1 July 2010	10,202,701	6,711,667	2,756,000	763,846	20,434,214
Incurred and capitalised during the financial year	-	1,687,644	-	10,915	1,698,559
At 30 June 2011	10,202,701	8,399,311	2,756,000	774,761	22,132,773
Accumulated amortisation					
At 1 July 2010	8,763,356	3,384,715	2,756,000	618,608	15,522,679
Amortisation for the financial year	458,112	796,822	-	62,655	1,317,589
At 30 June 2011	9,221,468	4,181,537	2,756,000	681,263	16,840,268
NET CARRYING AMOUNT AT 30 JUNE 2011	**981,233**	**4,217,774**	**-**	**93,498**	**5,292,505**

NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

16. Intangible Assets (CONTD.)

(ii) Others (CONTD.)

GROUP	DEFERRED EXPENDITURE RM	DEVELOPMENT EXPENDITURE RM	MARKETING RIGHTS RM	SOFTWARE LICENCES RM	TOTAL RM
At 30 June 2010					
Cost					
At 1 July 2009	8,622,224	5,491,834	2,756,000	716,546	17,586,604
Incurred and capitalised during the financial year	1,580,477	1,219,833	-	47,300	2,847,610
At 30 June 2010	10,202,701	6,711,667	2,756,000	763,846	20,434,214
Accumulated amortisation					
At 1 July 2009	8,437,981	3,141,437	2,539,333	550,281	14,669,032
Amortisation for the financial year	325,375	243,278	216,667	68,327	853,647
At 30 June 2010	8,763,356	3,384,715	2,756,000	618,608	15,522,679
NET CARRYING AMOUNT AT 30 JUNE 2010	1,439,345	3,326,952	-	145,238	4,911,535

Included in the additions to intangible assets are the following:-

	GROUP	
	2011 RM	2010 RM
Director's remuneration	**198,000**	198,000
Staff costs	**1,146,239**	986,811

17. Inventories

	GROUP	
	2011 RM	2010 RM
At cost		
Consumables	**1,906,013**	2,100,911
Trading and installation goods	**8,845,908**	9,274,777
	10,751,921	11,375,688

None of the inventories is stated at net realisable value.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

18. Other Receivables

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Deposits	**1,775,214**	850,632	**-**	3,620
Prepayments	**1,047,685**	600,050	**21,067**	23,216
Staff loans	**252,343**	371,905	**4,000**	-
Accrued dividend income	**-**	-	**3,557,250**	-
Other receivables	**1,803,629**	1,606,077	**631,021**	630,000
Amount owing by associate	**137,200**	-	**-**	-
	5,016,071	3,428,664	**4,213,338**	656,836
Less: Allowance for impairment losses	**(562,401)**	(562,401)	**(480,000)**	(480,000)
	4,453,670	2,866,263	**3,733,338**	176,836
Allowance for impairment losses:-				
At 1 July 2010/2009	**(562,401)**	(82,401)	**(480,000)**	-
Addition	**-**	(480,000)	**-**	(480,000)
AT 30 JUNE 2011/2010	**(562,401)**	(562,401)	**(480,000)**	(480,000)

Staff loans are in respect of housing, vehicles, computers and handphones granted to the employees of certain subsidiaries. The loans are unsecured, interest is charged at 4% (2010: 4%) per annum for AWSB only and the repayments are made through deductions from the employees' monthly salaries.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

19. Trade Receivables

	GROUP	
	2011 RM	**2010 RM**
Trade receivables	**28,477,381**	43,893,426
Accrued billings	**8,466,834**	588,076
Amount due from customers on contracts (Note 20)	**6,691,111**	8,723,218
Retention sums on contracts (Note 20)	**11,220,983**	10,409,824
	54,856,309	63,614,544
Less : Allowance for impairment losses	**(3,972,506)**	(3,013,976)
Foreign exchange differences	**(34,937)**	38,522
	50,848,866	60,639,090
Allowance for impairment losses:-		
At 1 July 2010/2009	**(2,975,454)**	(4,832,227)
Effect of adopting FRS 139	**(1,081,077)**	-
Addition	**(1,951,400)**	(1,680,966)
Writeback	**1,312,428**	61,000
Written off	**722,997**	3,438,217
AT 30 JUNE 2011/2010	**(3,972,506)**	(3,013,976)

The Group's normal trade credit terms range from 30 to 90 days (2010: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

20. Amounts due from/(to) Customers on Contracts

	GROUP	
	2011 RM	2010 RM
Construction costs incurred to date	**81,295,989**	99,888,818
Attributable profit	**32,086,900**	30,903,807
	113,382,889	130,792,625
Less: Progress billings	**(115,487,264)**	(125,935,218)
	(2,104,375)	4,857,407
Amount due from customers on contracts (Note 19)	**6,691,111**	8,723,218
Amount due to customers on contracts (Note 30)	**(8,795,486)**	(3,865,811)
	(2,104,375)	4,857,407
Retention sums on contracts, included within trade receivables (Note 19)	**11,220,983**	10,409,824
Contract costs recognised as expenses	**2,460,362**	7,595,777

21. Amounts owing by/(to) Subsidiaries

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

22. Cash and Bank Balances

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash and bank balances	**23,306,316**	20,046,333	**78,012**	707,641
Deposits with licensed banks	**40,719,115**	37,089,020	**-**	1,046,488
	64,025,431	57,135,353	**78,012**	1,754,129

The Group's deposits with licensed banks amounting to RM9,419,657 (2010: RM17,582,266) have been pledged to banks for credit facilities granted to certain subsidiaries as disclosed in Note 28(i)(a).

Included in the Group's deposits with licensed banks is an amount of RM1,150,898 (2010: RM1,431,537) held in trust by a director of a subsidiary.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

23. Share Capital

	PAR VALUE	NUMBER OF ORDINARY SHARES		AMOUNT	
		2011	2010	2011 RM	2010 RM
Authorised					
Ordinary shares					
At 1 July 2010/2009	RM0.50	**1,000,000,000**	1,000,000,000	**500,000,000**	500,000,000
Increase due to change in par value	RM0.20	**666,666,666**	-	**-**	-
At 30 June 2011/2010	RM0.30	**1,666,666,666**	1,000,000,000	**500,000,000**	500,000,000
At 1 July 2010/ 2009	RM0.50	**228,679,227**	228,679,227	**114,339,614**	114,339,614
Decrease due to change in par value	RM0.20	**-**	-	**(45,735,845)**	-
ISSUED AND FULLY PAID	RM0.30	**228,679,227**	228,679,227	**68,603,769**	114,339,614

During the financial year, the Company undertook a capital reduction exercise pursuant to Section 64 of the Companies Act 1965 involving the cancellation of RM0.20 of the par value of the existing issued and paid-up ordinary shares of RM0.50 each in the Company. The capital reduction does not affect the number of ordinary shares or rights attaching to the ordinary shares, except for the reduction in par value of each ordinary share of the Company from RM0.50 to RM0.30.

(a) Employee Share Options Scheme ("ESOS")

The Company's Employees' Share Option Scheme ("ESOS') is governed by the bylaws approved by the shareholders at the Extraordinary General Meeting of the Company held on 29 November 2010 and is administered by the Company's ESOS Committee. The Company had on 31 March 2011 implemented an ESOS. As at 30 June 2011, the Company has not granted any share option to eligible employees or directors pursuant to the Company's ESOS.

The main features of the ESOS 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.

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23. Share Capital (CONTD.)

(a) Employee Share Options Scheme ("ESOS") (CONTD.)

(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 bylaws, 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 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.

Todate, no share options have been granted under the ESOS, and as such no share options have been exercised.

(b) Treasury Shares

This amount relates to the acquisition cost of treasury shares.

The shareholders of the Company, by a special resolution passed in the Annual General Meeting of the Company held on 28 December 2004, approved the Company's plan to repurchase its own shares. This mandate from the shareholders was subsequently renewed at the Annual General Meetings of the Company on 21 November 2005, 9 November 2006, 28 November 2007, 16 December 2008, 30 November 2009 and 29 November 2010 respectively. The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 1,000,000 of its issued ordinary shares from the open market at an average price of RM0.28 per share. The total consideration paid for the repurchase including transaction costs was RM278,926. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

23. Share Capital (CONTD.)

(b) Treasury Shares (CONTD.)

Of the total 228,679,227 (2010: 228,679,227) issued and fully paid ordinary shares as at 30 June 2011, 3,236,800 (2010: 2,236,800) are held as treasury shares by the Company. As at 30 June 2011, the number of ordinary shares in issue and fully paid is therefore 225,442,427 (2010: 226,442,427) ordinary shares of RM0.30 each (2010: RM0.50 each).

	PAR VALUE	NUMBER OF ORDINARY SHARES		AMOUNT	
		2011	2010	2011 RM	2010 RM
Ordinary shares					
At 1 July 2010/2009	RM0.50	**2,236,800**	2,036,800	**550,691**	501,584
Repurchased during the financial year	RM0.20	**1,000,000**	200,000	**278,926**	49,107
AT 30 JUNE 2011/2010	RM0.30	**3,236,800**	2,236,800	**829,617**	550,691

(c) Share Premium

The share premium is not distributable by way of cash dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

24. Merger Reserve (Non-Distributable)

	COMPANY	
	2011 RM	2010 RM
At 30 June 2011/2010	**12,522,542**	12,522,542

Merger reserve relates to the excess of the fair value of shares issued for the acquisition of the subsidiaries over the par value of these shares where such acquisition qualifies for merger relief as set out in Section 60(4) of the Companies Act 1965.

25. Foreign Exchange Reserve (Non-Distributable)

	GROUP	
	2011 RM	2010 RM
At 30 June 2011/2010	**(129,836)**	(244,004)

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

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

26. Statutory Reserve (Non-Distributable)

	GROUP	
	2011 RM	2010 RM
At 1 July 2010/2009	**276,801**	138,232
Transfer from net profit	**30,001**	138,569
AT 30 JUNE 2011/2010	**306,802**	276,801

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

27. Retained Profits

The Company has elected for the irrevocable option for the single tier tax system during the current financial year. Therefore, at the end of the reporting period, the Company will be able to distribute dividends out of its entire retained profits under the single tier tax system.

28. Borrowings

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Short-term borrowings				
Secured:				
Bank overdrafts	**958,878**	784,279	**-**	-
Term loans	**642,818**	737,787	**-**	-
Hire purchase and finance lease payables (Note iii)	**634,722**	547,353	**45,713**	43,738
Revolving credits	**950,000**	500,000	**-**	-
	3,186,418	2,569,419	**45,713**	43,738
Long-term borrowings				
Secured:				
Term loans	**3,013,892**	3,595,506	**-**	-
Hire purchase and finance lease payables (Note iii)	**1,288,016**	1,340,797	**110,130**	155,743
	4,301,908	4,936,303	**110,130**	155,743

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

28. Borrowings (CONTD.)

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Total borrowings				
Bank overdrafts	**958,878**	784,279	**-**	-
Revolving credits	**950,000**	500,000	**-**	-
Term loans	**3,656,710**	4,333,293	**-**	-
Hire purchase and finance lease payables (Note iii)	**1,922,738**	1,888,150	**155,843**	199,481
	7,488,326	7,505,722	**155,843**	199,481
Maturity of borrowings (excluding hire purchase and finance lease payables)				
Not later than 1 year	**2,551,696**	2,101,752	**-**	-
Later than 1 year and not later than 2 years	**601,201**	594,711	**-**	-
Later than 2 year and not later than 5 years	**2,064,149**	2,010,785	**-**	-
Later than 5 years	**348,542**	910,324	**-**	-
	5,565,588	5,617,572	**-**	-

(i) The revolving credits, bank overdrafts and term loans are secured by:

(a) a lien on the deposits with licensed banks and the accumulation of interest thereon as disclosed in Note 22;

(b) a legal Deed of Assignment of contract proceeds from certain projects awarded to AWSB by the Federal Government (represented by the Ministry of Works);

(c) legal charges on the freehold land and freehold buildings of the Group as disclosed in Note 11(c) and Note 12 respectively;

(d) a negative pledge of certain property, plant and equipment of the Group as disclosed in Note 11(d);

(e) a joint and several guarantee of a director of a subsidiary and a related party in their personal capacity;

(ii) The term loans of the Group and of the Company are repayable in monthly instalments ranging from RM15,787 to RM62,857 (2010: RM15,787 to RM66,666).

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

28. Borrowings (CONTD.)

(iii) Hire purchase and finance lease payables

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Minimum lease payments				
Not later than 1 year	**721,364**	646,434	**51,228**	51,228
Later than 1 year and not later than 2 years	**572,837**	569,098	**51,228**	51,228
Later than 2 years and not later than 5 years	**828,838**	923,255	**64,087**	115,216
	2,123,039	2,138,787	**166,543**	217,672
Less : Future finance charges	**(200,301)**	(250,637)	**(10,700)**	(18,191)
	1,922,738	1,888,150	**155,843**	199,481
Present value of finance lease payables				
Not later than 1 year	**634,722**	547,353	**45,713**	43,738
Later than 1 year and not later than 2 years	**556,911**	618,346	**47,689**	45,713
Later than 2 year and not later than 5 years	**731,105**	722,451	**62,441**	110,030
	1,922,738	1,888,150	**155,843**	199,481
Analysed as				
Due within 12 months	**634,722**	547,353	**45,713**	43,738
Due after 12 months	**1,288,016**	1,340,797	**110,130**	155,743
	1,922,738	1,888,150	**155,843**	199,481

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

29. Deferred Tax

	GROUP	
	2011 RM	2010 RM
At 1 July 2010/2009	**752,394**	625,357
Translation differences	**1,167**	(566)
Recognised in profit or loss (Note 8)	**191,356**	127,603
At 30 June 2011/2010	**944,917**	752,394
Presented after appropriate offsetting as follows:		
Deferred tax assets	**(138,818)**	(138,818)
Deferred tax liabilities	**1,083,735**	891,212
	944,917	752,394

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

Deferred Tax Liabilities of the Group:

	ACCELERATED CAPITAL ALLOWANCES RM	INTANGIBLE ASSETS-OTHERS RM	OTHERS RM	TOTAL RM
At 1 July 2009	819,052	74,878	138,182	1,032,112
Recognised in profit or loss	127,037	-	-	127,037
At 30 June 2010	946,089	74,878	138,182	1,159,149
At 1 July 2010	946,089	74,878	138,182	1,159,149
Recognised in profit or loss	178,562	170,422	(138,182)	210,802
AT 30 JUNE 2011	**1,124,651**	**245,300**	**-**	**1,369,951**

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

29. Deferred Tax (CONTD.)

Deferred Tax Assets of the Group:

	PAYABLES RM	ALLOWANCE FOR IMPAIRMENT LOSSES RM	OTHERS RM	TOTAL RM
At 1 July 2009	(30,962)	(375,793)	-	(406,755)
Recognised in profit or loss	-	-	-	-
At 30 June 2010	(30,962)	(375,793)	-	(406,755)
At 1 July 2010	(30,962)	(375,793)	-	(406,755)
Recognised in profit or loss	(99,574)	110,555	(29,260)	(18,279)
AT 30 JUNE 2011	**(130,536)**	**(265,238)**	**(29,260)**	**(425,034)**

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

	GROUP 2011 RM	GROUP 2010 RM
Unutilised tax losses	**2,202,784**	907,778
Unabsorbed capital allowances	**112,782**	56,391
Accelerated capital allowances	**-**	(125,051)

30. Trade Payables

	GROUP 2011 RM	GROUP 2010 RM
Trade payables	**32,684,745**	37,269,484
Due to customers on contracts (Note 20)	**8,795,486**	3,865,811
Fair value gain on trade payables	**(311,406)**	-
	41,168,825	41,135,295

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

31. Other Payables

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Sundry payables	**7,377,851**	18,269,804	**206,727**	217,267
Provision for short-term accumulating compensated absences	**320,632**	291,135	**74,283**	70,556
Accruals	**6,887,544**	5,229,312	**456,200**	544,531
Dividend payable	**2,254,424**	-	**2,254,424**	-
	16,840,451	23,790,251	**2,991,634**	832,354

The dividend payable is in respect of the second interim single-tier dividend of 1 sen per ordinary share as at the end of the reporting period.

32. Purchase of Plant and Equipment

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Cost of plant and equipment purchased	**2,293,721**	2,767,200	**65,040**	72,431
Amount financed through finance lease and hire purchase	**(386,990)**	(1,179,695)	**-**	-
Cash disbursed for purchase of plant and equipment	**1,906,731**	1,587,505	**65,040**	72,431

33. Commitments

Non-Cancellable Operating Lease Commitments

	GROUP	
	2011 RM	2010 RM
Future minimum rentals payable:		
Not later than 1 year	**471,328**	499,197
Later than 1 year and not later than 2 years	**94,242**	78,992
Later than 2 years and not later than 5 years	**75,600**	75,600
	641,170	653,789

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

34. Contingent Liability

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Unsecured:				
Corporate guarantee given to banks for credit facilities granted to subsidiaries	-	-	**37,153,248**	34,520,014

35. Related Party Disclosures

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

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

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

	GROUP		COMPANY	
	2011 RM	2010 RM	2011 RM	2010 RM
Rental expenses paid to directors of a subsidiary, Gan Geok Soon and Sri Skanda Rajah A/L S. Ratnam	**115,200**	115,200	-	-
Short-term employee benefits paid/payable to key management personnel	**5,011,519**	4,231,153	**1,996,567**	1,746,565
Interest receivable from a subsidiary	-	-	**(55,613)**	(127,694)
Management fee charged to subsidiaries	-	-	**(2,430,000)**	(2,038,837)
Rental expense payable to a subsidiary	-	-	**42,000**	42,000
Dividend income from subsidiaries	-	-	**(18,284,667)**	(4,933,334)

Information regarding the related parties' balances at the end of reporting period are disclosed in Note 14 and Note 21.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

36. Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exposure, equity price, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(i) Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 36(a)(ii) to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the financial year, with all other variables held constant:-

	GROUP		COMPANY	
	2011 INCREASE/ (DECREASE) RM	2010 INCREASE/ (DECREASE) RM	2011 INCREASE/ (DECREASE) RM	2010 INCREASE/ (DECREASE) RM
Effect on profit after taxation/ equity:				
Increase of 100 basis points	**263,351**	263,351	**-**	10,465
Decrease of 100 basis points	**(263,351)**	(263,351)	**-**	(10,465)

(ii) Foreign Currency Risk

The Group is exposed to foreign exchange risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD") and Arab Emirates Dirham ("AED"). The foreign exchange risk is reduced through a policy of matching receipts and payments in each foreign currency.

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

36. Financial Instruments (CONTD.)

(a) Financial Risk Management Objectives and Policies (CONTD.)

(i) Market Risk (CONTD.)

(ii) Foreign Currency Risk (CONTD.)

THE GROUP 2011	SGD RM	US DOLLAR RM	EURO RM	SWEDISH KRONA RM	SWISS FRANC RM	AED RM	QAR RM	RM RM	TOTAL RM
Financial assets									
Amount owing by jointly controlled entity	-	-	-	-	-	452,106	-	4,233,358	4,685,464
Other receivables	354,244	-	-	-	-	1,149,072	407,902	1,494,767	3,405,985
Trade receivables	5,923,378	-	-	-	-	18,098,468	-	20,135,909	44,157,755
Cash and bank balances	3,894,761	26,054	-	-	-	27,560,960	339,180	32,204,476	64,025,431
	10,172,383	26,054	-	-	-	47,260,606	747,082	58,068,510	116,274,635
Financial liabilities									
Other payables	834,678	-	-	-	-	6,733,694	7,264	9,264,815	16,840,451
Trade payables	413,345	1,095	966,177	625,861	183,821	21,257,663	-	8,925,377	32,373,339
Bank overdraft	-	-	-	-	-	-	-	958,878	958,878
Revolving credits	-	-	-	-	-	-	-	950,000	950,000
Term loans	-	-	-	-	-	-	-	3,656,710	3,656,710
Hire purchase and finance lease payables	248,733	-	-	-	-	-	-	1,674,005	1,922,738
	1,496,756	1,095	966,177	625,861	183,821	27,991,357	7,264	25,429,785	56,702,116

36. Financial Instruments (CONTD.)

(a) Financial Risk Management Objectives and Policies (CONTD.)

(i) Market Risk (CONTD.)

(ii) Foreign Currency Risk (CONTD.)

THE GROUP 2011	SGD RM	US DOLLAR RM	EURO RM	SWEDISH KRONA RM	SWISS FRANC RM	AED RM	QAR RM	RM RM	TOTAL RM
Net financial assets/ (liabilities)	8,675,627	24,959	(966,177)	(625,861)	(183,821)	19,269,249	739,818	32,638,725	59,572,519
Less: Net financial assets denominated in the entity's functional currency	(8,762,949)	-	-	-	-	(19,269,249)	(739,818)	(32,638,725)	(61,410,741)
CURRENCY EXPOSURE	**(87,322)**	**24,959**	**(966,177)**	**(625,861)**	**(183,821)**	**-**	**-**	**-**	**(1,838,322)**

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

36. Financial Instruments (CONTD.)

(a) Financial Risk Management Objectives and Policies (CONTD.)

(i) Market Risk (CONTD.)

(ii) Foreign Currency Risk (CONTD.)

THE GROUP 2010	SGD RM	US DOLLAR RM	EURO RM	SWEDISH KRONA RM	SWISS FRANC RM	AED RM	QAR RM	RM RM	TOTAL RM
Financial assets									
Amount owing by jointly controlled entity	-	-	-	-	-	1,062,373	-	6,530,981	7,593,354
Other receivables	496,563	-	-	-	-	524,106	-	1,245,544	2,266,213
Trade receivables	5,182,748	-	-	-	-	32,053,257	-	14,679,867	51,915,872
Cash and bank balances	4,553,947	86,661	-	-	-	17,377,464	-	35,117,281	57,135,353
	10,233,258	86,661	-	-	-	51,017,200	-	57,573,673	118,910,792
Financial liabilities									
Other payables	710,178	-	-	-	-	16,211,825	-	6,868,248	23,790,251
Trade payables	(216,763)	310,975	191,486	1,020,049	-	30,792,561	-	5,171,176	37,269,484
Bank overdraft	-	-	-	-	-	-	-	784,279	784,279
Revolving credits	-	-	-	-	-	-	-	500,000	500,000
Term loans	-	-	-	-	-	-	-	4,333,293	4,333,293
Hire purchase and finance lease payables	237,477	-	-	-	-	-	-	1,650,673	1,888,150
	730,892	310,975	191,486	1,020,049	-	47,004,386	-	19,307,669	68,565,457

36. Financial Instruments (CONTD.)

(a) Financial Risk Management Objectives and Policies (CONTD.)

(i) Market Risk (CONTD.)

(ii) Foreign Currency Risk (CONTD.)

THE GROUP 2010	SGD RM	US DOLLAR RM	EURO RM	SWEDISH KRONA RM	SWISS FRANC RM	AED RM	QAR RM	RM RM	TOTAL RM
Net financial assets/ (liabilities)	9,502,366	(224,314)	(191,486)	(1,020,049)	-	4,012,814	-	38,266,004	50,345,335
Less: Net financial assets denominated in the entity's functional currency	(9,603,518)	-	-	-	-	(4,012,814)	-	(38,266,004)	(51,882,336)
CURRENCY EXPOSURE	(101,152)	(224,314)	(191,486)	(1,020,049)	-	-	-	-	(1,537,001)

36. Financial Instruments (CONTD.)

(a) Financial Risk Management Objectives and Policies (CONTD.)

(i) Market Risk (CONTD.)

(ii) Foreign Currency Risk (CONTD.)

Foreign currency risk sensitivity analysis

A 5% strengthening/weakening of the RM against the foreign currency as at the end of the reporting period would have immaterial impact on profit after taxation to the Group. This assumes that all other variables remain constant.

The Company does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(ii) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash equivalents and adequate credit lines to meet its working capital requirements.

The following table sets out the maturity profile of the financial assets and liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

*

NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

36. Financial Instruments (CONTD.)

(a) Financial Risk Management Objectives and Policies (CONTD.)

(ii) Liquidity Risk (CONTD.)

	WEIGHTED AVERAGE EFFECTIVE RATE	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 – 5 YEARS RM	OVER 5 YEARS RM
Group						
2011						
Financial assets						
Fixed deposits with licensed banks	0.80 - 3.00%	40,719,115	41,492,778	41,492,778	-	-
Cash and bank balances	-	23,306,316	23,306,316	23,306,316	-	-
		64,025,431	64,799,094	64,799,094	-	-
Financial liabilities						
Trade payables	-	32,373,339	32,373,339	32,373,339	-	-
Other payables	-	16,840,451	16,840,451	16,840,451	-	-
Bank overdrafts	8.11%	958,878	958,878	958,878	-	-
Term loans	6.90% - 8.10%	3,656,710	4,499,952	890,720	3,236,640	372,592
Hire purchase and finance lease payable	3.00% - 10.40%	1,922,738	2,123,039	721,364	1,401,675	-
Revolving credits	7.80%	950,000	950,000	950,000	-	-
		56,702,116	57,745,659	52,734,752	4,638,315	372,592
NET LIQUIDITY GAP		**7,323,315**	**7,053,435**	**12,064,342**	**(4,638,315)**	**(372,592)**

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

36. Financial Instruments (CONTD.)

(a) Financial Risk Management Objectives and Policies (CONTD.)

(ii) Liquidity Risk (CONTD.)

	WEIGHTED AVERAGE EFFECTIVE RATE	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 – 5 YEARS RM	OVER 5 YEARS RM
Group						
2010						
Financial assets						
Fixed deposits with licensed banks	0.80 - 2.90%	37,089,020	37,775,167	37,401,240	373,927	-
Cash and bank balances	-	20,046,333	20,046,333	20,046,333	-	-
		57,135,353	57,821,500	57,447,573	373,927	-
Financial liabilities						
Trade payables	-	37,269,484	37,269,484	37,269,484	-	-
Other payables	-	23,790,251	23,790,251	23,790,251	-	-
Bank overdrafts	7.40% - 7.60%	784,279	784,279	784,279	-	-
Term loans	6.10% - 7.60%	4,333,293	5,497,997	998,604	3,317,641	1,181,752
Hire purchase and finance lease payable	3.00% - 10.40%	1,888,150	2,138,787	646,434	1,492,353	-
Revolving credits	4.00%	500,000	500,000	500,000	-	-
		68,565,458	69,980,798	63,989,052	4,809,994	1,181,752
NET LIQUIDITY GAP		(11,430,105)	(12,159,298)	(6,541,479)	(4,436,067)	(1,181,752)

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

36. Financial Instruments (CONTD.)

(a) Financial Risk Management Objectives and Policies (CONTD.)

(ii) Liquidity Risk (CONTD.)

	WEIGHTED AVERAGE EFFECTIVE RATE	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 – 5 YEARS RM	OVER 5 YEARS RM
Company						
2011						
Financial assets						
Cash and bank balances	-	78,012	78,012	78,012	-	-
Financial liabilities						
Other payables	-	2,991,634	2,991,634	2,991,634	-	-
Amount owing to subsidiaries	-	2,353,763	2,353,763	2,353,763	-	-
Hire purchase and finance lease payable	4.26%	155,843	166,543	51,228	115,315	-
		5,501,240	5,511,940	5,396,625	115,315	-
NET LIQUIDITY GAP		**(5,423,228)**	**(5,433,928)**	**(5,318,613)**	**(115,315)**	**-**

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

36. Financial Instruments (CONTD.)

(a) Financial Risk Management Objectives and Policies (CONTD.)

(ii) Liquidity Risk (CONTD.)

	WEIGHTED AVERAGE EFFECTIVE RATE	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 – 5 YEARS RM	OVER 5 YEARS RM
Company						
2010						
Financial assets						
Cash and bank balances	-	1,754,129	1,754,129	1,754,129	-	-
Financial liabilities						
Other payables	-	832,354	832,354	832,354	-	-
Amount owing to subsidiaries	-	8,798,856	8,798,856	8,798,856	-	-
Hire purchase and finance lease payable	4.26%	199,481	217,672	51,228	166,444	-
		9,830,691	9,848,882	9,682,438	166,444	-
NET LIQUIDITY GAP		(8,076,562)	(8,094,753)	(7,928,309)	(166,144)	-

(iii) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's association to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group's management reporting procedures.

The Group established an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

36. Financial Instruments (CONTD.)

(a) Financial Risk Management Objectives and Policies (CONTD.)

(iii) Credit Risk (CONTD.)

Credit Risk Concentration Profile

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments except for the Federal Government under AWSB and a contract customer under NSB.

Exposure to Credit Risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	GROUP	
	2011 RM	2010 RM
Singapore	**5,923,378**	5,182,748
United Arab Emirates	**18,098,468**	32,053,257
Malaysia	**20,135,909**	14,679,867
	44,157,755	51,915,872

Ageing Analysis

The ageing analysis of the Group's trade receivables as at 30 June 2011 is as follows:-

GROUP	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	COLLECTIVE IMPAIRMENT RM	CARRYING AMOUNT RM
2011				
Not past due	18,209,944	-	-	18,209,944
Past due:-				
- less than 3 months	2,814,932	(175,099)	-	2,639,833
- 3 to 6 months	7,193,080	(61,600)	-	7,131,480
- Over 6 months	19,912,305	(3,368,484)	(367,323)	16,176,498*
	48,130,261	**(3,605,183)**	**(367,323)**	**44,157,755**

* Included retention sum of RM11,220,983 as disclosed in Note 19 to the financial statements.

36. Financial Instruments (CONTD.)

(a) Financial Risk Management Objectives and Policies (CONTD.)

(iii) Credit Risk (CONTD.)

At the end of the financial year, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade Receivables that are Past Due but Not Impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

(b) Capital Risk Management

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

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

36. Financial Instruments (CONTD.)

(b) Capital Risk Management (CONTD.)

The debt-to-equity ratio of the Group as at the end of financial year was as follows:-

	GROUP	
	2011 RM	2010 RM
Trade payables	**32,373,339**	37,269,484
Other payables	**16,840,451**	23,790,251
Bank overdraft	**958,878**	784,279
Term loans	**3,656,710**	4,333,293
Hire purchase and finance lease payables	**1,922,738**	1,888,150
Revolving credits	**950,000**	500,000
	56,702,116	68,565,457
Less : Fixed deposits with licensed banks	**(40,719,115)**	(37,089,020)
Less : Cash and bank balances	**(23,306,316)**	(20,046,333)
Net debt	**(7,323,315)**	11,430,104
Total equity	**95,803,060**	94,616,549
Total capital	**88,479,745**	106,046,653
Debt-to-equity ratio	**N/A**	0.11

N/A - not applicable as the cash and cash equivalents exceeded the total debts.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

(c) Classification of Financial Instruments

	GROUP 2011 RM	COMPANY 2011 RM
Financial Assets		
Amount owing by jointly controlled entity	**4,685,464**	**-**
Amount owing by subsidiaries	**-**	**274,141**
Trade receivables	**44,157,755**	**-**
Other receivables	**3,405,985**	**3,712,271**
Fixed deposits with licensed banks	**40,719,115**	**-**
Cash and bank balances	**23,306,116**	**78,012**
	116,274,435	**4,064,424**

36. Financial Instruments (CONTD.)

(c) Classification of Financial Instruments (CONTD.)

	GROUP 2011 RM	COMPANY 2011 RM
Financial Liabilities		
Other financial liabilities		
Trade payables	32,373,339	-
Other payables	16,840,451	2,991,634
Amount owing to subsidiaries	-	2,353,763
Term loans	3,656,710	-
Bank overdraft	958,878	-
Hire purchase and finance lease payables	1,922,738	155,843
Revolving credits	950,000	-
	56,702,116	5,501,240

(d) Fair Values

The carrying amounts of the financial assets and liabilities of the Group and of the Company at the end of the reporting period approximated their fair values due to relatively short-term maturity of these financial instruments except for the following:

	GROUP		COMPANY	
	CARRYING VALUE RM	FAIR VALUE RM	CARRYING VALUE RM	FAIR VALUE RM
Financial Liabilities				
At 30 June 2011				
Hire purchase and finance lease payables	1,922,738	1,850,121	155,843	145,385
At 30 June 2010				
Hire purchase and finance lease payables	1,888,151	1,862,072	199,481	169,540

The following summarises the methods used to determine the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

36. Financial Instruments (CONTD.)

(d) Fair Values (CONTD.)

(ii) The fair values of term loans and hire purchase payables are determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

The interest rate used to discount estimated cash flows, where applicable, are as follows:-

	GROUP		COMPANY	
	2011 %	2010 %	2011 %	2010 %
Hire purchase payables	**6.60**	6.05	**6.60**	6.05

37. Operating Segments

(a) Business Segments

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

(i) 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.

(ii) Engineering - provision of various mechanical and electrical engineering services for the building industry. These include computerised Building Automation Systems (BAS), Heating, Ventilation and Air-Conditioning Systems (HVAC), integrated installation of electrical systems, energy saving and lift systems.

(iii) Technology - involve in research and development in microelectronics and software products, manufacture and distribution of consumer electronics and security related products.

(iv) Environment - provision of environmentally-friendly solutions to waste collection system management. These include general trading, design, development, installation and commissioning of cleaning equipment, central vacuum systems and STREAM Automated Pneumatic Waste Collection System.

(v) Investment holding - provide group-level corporate services.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

37. Operating Segments (CONTD.)

(a) Business Segments (CONTD.)

	INVESTMENT HOLDING RM	FACILITIES RM	ENGINEERING RM	TECHNOLOGY RM	ENVIRONMENT RM	ADJUSTMENT AND ELIMINATIONS RM	PER CONSOLIDATED FINANCIAL STATEMENTS RM
30 June 2011							
Segment Profit	16,276,858	6,502,377	1,490,490	(2,997,018)	15,095,720	(19,938,518)	16,429,909
Included in the measure of segment profit are:	-						
External revenue	20,624,667	47,650,988	26,782,294	7,209,973	72,258,511	-	153,901,766
Inter-segment revenue	(23,755)	905,278	200,894	-	473,382	(22,204,221)	-
Net of interest expense	185,470	16,499	(4,511)	91,820	187,471	-	267,524
Depreciation and amortisation	-	1,137,011	298,582	1,361,975	747,700	-	3,730,738
Impairment loss on goodwill		-	-	-	-	1,653,850	1,653,850
Net allowance for impairment loss on receivables	-	(1,208,549)	(419,598)	1,783,930	-	-	155,783
Other non-cash items	188,131	1,193,056	808,035	1,460,777	181,618	-	3,831,617
Item not included in the measure of segment profit:							
Income tax expense	4,128,204	1,861,163	459,938	99,261	701,886	(4,571,168)	2,679,284

37. Operating Segments (CONTD.)

(a) Business Segments (CONTD.)

	INVESTMENT HOLDING	FACILITIES	ENGINEERING	TECHNOLOGY	ENVIRONMENT	ADJUSTMENT AND ELIMINATIONS	PER CONSOLIDATED FINANCIAL STATEMENTS
	RM	RM	RM	RM	RM	RM	RM
Segment Assets	100,497,545	40,176,786	26,039,384	14,931,339	80,063,969	(98,823,615)	162,885,408
Unallocated assets	1,089,274	2,358,768	138,818	504,295	625,359	-	4,716,514
Total consolidated assets	101,586,819	42,535,554	26,178,202	15,435,634	80,689,328	(98,823,615)	167,601,922
Included in the measure of segment assets are:							
Investment in associate	-	-	-	-	1,661	-	1,661
Expenditure for non-current assets	65,040	447,605	36,805	2,005,780	1,437,050	-	3,992,280
Segment Liabilities	5,501,240	16,775,256	5,799,220	3,667,717	39,466,557	(5,597,773)	65,612,217
Unallocated liabilities	-	3,477,537	239,147	1,736,759	822,358	(89,156)	6,186,645
Total consolidated liabilities	5,501,240	20,252,793	6,038,367	5,404,476	40,288,915	(5,686,929)	71,798,862

37. Operating Segments (CONTD.)

(a) Business Segments (CONTD.)

	INVESTMENT HOLDING RM	FACILITIES RM	ENGINEERING RM	TECHNOLOGY RM	ENVIRONMENT RM	ADJUSTMENT AND ELIMINATIONS RM	PER CONSOLIDATED FINANCIAL STATEMENTS RM
30 June 2010							
Segment Profit	2,801,519	2,908,388	861,650	1,285,460	23,586,902	(4,362,302)	27,081,617
Included in the measure of segment profit are:							
External revenue	-	44,358,425	24,920,571	13,824,112	101,651,698	-	184,754,806
Inter-segment revenue	6,972,171	-	90,034	-	359,478	(7,421,683)	-
Net of interest expense	(158,356)	181,242	2,741	127,942	144,884	32,640	331,093
Depreciation and amortisation	176,696	1,170,926	306,044	1,034,749	547,626	-	3,236,041
Net allowance for impairment loss on receivables	480,000	1,455,952	45,049	465	118,500	-	2,099,966
Other non-cash items	-	1,302,174	2,864	239,010	(31,272)	-	1,467,727
Item not included in the measure of segment profit:							
Income tax expense	1,084,473	998,100	251,972	532,412	3,339,010	(1,233,334)	4,972,633

37. Operating Segments (CONTD.)

(a) Business Segments (CONTD.)

	INVESTMENT HOLDING RM	FACILITIES RM	ENGINEERING RM	TECHNOLOGY RM	ENVIRONMENT RM	ADJUSTMENT AND ELIMINATIONS RM	PER CONSOLIDATED FINANCIAL STATEMENTS RM
Segment Assets	99,081,629	40,324,358	24,128,699	18,001,324	89,319,434	(101,569,761)	169,285,683
Unallocated assets	671,079	1,019,876	138,818	333,175	-	-	2,162,948
Total consolidated assets	99,752,708	41,344,234	24,267,517	18,334,499	89,319,434	(101,569,761)	171,448,631
Included in the measure of segment assets are:							
Investment in associate	-	-	-	-	2,620	-	2,620
Expenditure for non-current assets	72,431	1,893,178	329,751	1,521,195	1,798,255	-	5,614,810
Segment Liabilities	9,830,691	13,271,392	5,262,851	3,430,886	50,713,318	(10,077,870)	72,431,268
Unallocated liabilities	-	1,334,537	169,453	1,669,748	1,316,232	(89,156)	4,400,814
Total consolidated liabilities	9,830,691	14,605,929	5,432,304	5,100,634	52,029,550	(10,167,026)	76,832,082

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

37. Operating Segments (CONTD.)

(b) Geographical Segment

	MALAYSIA RM	SINGAPORE RM	UNITED ARAB EMIRATES, ABU DHABI RM	TOTAL RM
30 June 2011				
Revenue	**81,239,305**	**18,928,926**	**53,733,535**	**153,901,766**
Total assets	**85,969,326**	**15,837,438**	**65,795,158**	**167,601,922**
Capital expenditure	**3,672,335**	**154,197**	**165,748**	**3,992,280**
30 June 2010				
Revenue	90,150,396	17,303,161	77,301,249	184,754,806
Total assets	96,871,036	14,835,481	59,742,114	171,448,631
Capital expenditure	4,873,338	251,415	490,057	5,614,810

(c) Information About Major Customers

The following are major customers with revenue equal or more than 10 percent of the Group revenue:-

		GROUP	
		2011 RM	2010 RM
	Segment		
An agency of the Federal Government	Facilities	**39,317,248**	39,200,919
An overseas contractor	Environment	**57,006,829**	68,115,347

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

38. Significant Events

(a) During the financial year, the Company undertook the following corporate proposals:

i) capital reduction by the cancellation of RM0.20 out of the initial par value of RM0.50 each for every existing ordinary share to RM0.30 each to be off-set against the accumulated losses of the Company ("Capital Reduction");

ii) proposed establishment of an Employees' Share Option Scheme ("ESOS") of up to fifteen percent (15%) of the issued and paid-up share capital (excluding treasury shares) of the Company for the Directors (including Non-Executive Directors) and eligible employees of the Company and its subsidiaries (which are not dormant); and

iii) amendment to the Memorandum of Association of the Company to facilitate the change in the par value of the Company's shares from RM0.50 per share to RM0.30 per share resulting from the Capital Reduction.

The above corporate proposals were approved by the relevant authorities and completed on 28 February 2011.

(b) On 20 September 2011, AFESB, a 75% owned subsidiary of the Company, and AWFM, a wholly-owned subsidiary of the Company jointly incorporated a new subsidiary under the name of AWC Facilities Management (India) Private Limited ("AFMIPL") for a total consideration of INR10,000,000, equal to approximately RM650,000 comprising 1,000,000 ordinary shares of INR10. AFESB and AWFM hold 99.99% and 0.01% equity interest in AFMIPL respectively.

(c) On 10 October 2011, the Company and its wholly-owned subsidiary, AWFM acquired 105,000 ordinary shares of RM1.00 each in Resource Data Management Asia Sdn. Bhd.("RDMA"), representing 70% equity interests of RDMA for a total consideration of RM105,000. The Company and AWFM holds 69% and 1% equity interest in RDMA respectively.

39. Comparative Figures

The following figures have been reclassified to conform with the presentation of the current financial year:-

	GROUP	
	AS RESTATED RM	AS PREVIOUSLY REPORT RM
Consolidated Statement of Cash Flows (Extract):-		
Net cash generated from operating activities	**42,217,758**	46,475,489
Net cash used in investing activities	**(1,396,513)**	(5,654,244)
	40,821,245	40,821,245

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NOTES TO THE FINANCIAL STATEMENTS – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011 (CONTD.)

40. Supplementary Information – Disclosure of Realised and Unrealised Profits/Losses

The breakdown of the realised and unrealised retained profits/(losses) as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	GROUP 2011 RM	COMPANY 2011 RM
Total (accumulated losses)/retained profits:		
- realised	(5,833,218)	8,139,433
- unrealised	(1,216,183)	-
	(7,049,401)	8,139,433
Total share of retained profits of jointly controlled entity:		
- realised	2,871,569	-
- unrealised	-	-
	(4,177,832)	8,139,433
Less: Consolidation adjustments	89,156	-
AT 30 JUNE 2011	**(4,088,676)**	**8,139,433**

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SUMMARY OF GROUP PROPERTIES

NO	OWNER	LOCATION	DESCRIPTION	EXISTING USE	LAND AREA (SQ.FT.)	BUILD-UP AREA (SQ.FT.)	TENURE	APPROXIMATE AGE OF BUILDING	AUDITED NET BOOK VALUE 30 JUNE 2011 (RM)
1	AWSB	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	15 years	2,766,022
2	AWSB	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	15 years	1,916,590

SUMMARY OF GROUP PROPERTIES (CONTD.)

NO	OWNER	LOCATION	DESCRIPTION	EXISTING USE	LAND AREA (SQ.FT.)	BUILD-UP AREA (SQ.FT.)	TENURE	APPROXIMATE AGE OF BUILDING	AUDITED NET BOOK VALUE 30 JUNE 2011 (RM)
3	M&C(M)	One-unit of 4 storey shop lot known as No. 79, Jalan 25/2, Taman Bukit Emas, 47301, Petaling Jaya erected on HS(D) 31948, PT 6685 Mukim Sungai Buloh, District of Petaling, Selangor Darul Ehsan	Office building	Office	-	6,401	Freehold	18 years	1,061,400
4	M&C(M)	One-unit of apartment known as Sub Lot No. 4-29, City Heights Apartments, Taman Sri Sungai Chua, Kajang, Selangor erected on part of land held under HSM 22288, PT 50453, Section 1, Tempat Batu 18 1/2, Mukim Kajang, District of Ulu Langat, Selangor Darul Ehsan	Apartment	Vacant	-	860	Freehold	11 years	78,005
5	M&C(M)	One-unit of office known as parcel Nos. S-23-A, Level 23, Northern Tower erected on part of the land held under Grant 62181, Lot 1242, Town of Georgetown, Section 13, North East District, Penang	Office building	Vacant	-	2,183	Freehold	12 years	391,801
6	M&C(M)	One unit of double-storey link house known as No. 27, Jalan 1/2, The Serenity Cyberjaya 63000 Cyberjaya, Selangor erected on part of land held under HS(D) 11488 PT 20618, Mukim of Dengkil, District of Sepang, Selangor Darul Ehsan	Double-storey link house	Vacant	-	1,920	Freehold	4 years	613,412
	TOTAL								**6,827,230**

ANALYSIS OF SHARE-HOLDINGS

AS AT 30 SEPTEMBER 2011

Authorised Capital	: RM 500,000,000.00
Issued and Fully Paid Capital	: RM 68,603,768.10
Class of Equity Securities	: Ordinary Shares of RM0.30 each
Voting Rights	: One vote per share

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	NO. OF # SHARES	%*
Less than 100	1,860	135,694	0.06
100 - 1,000	1,671	932,158	0.41
1,001 - 10,000	2,707	13,854,677	6.15
10,001- 100,000	1,300	44,930,063	19.93
100,001 and above	180	165,589,835	73.45
TOTAL	**7,718**	**225,442,427**	**100.00**

Excluding a total of 3,236,800 shares bought back and retained as treasury shares.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2011

(As per the Register of Substantial Shareholders)

	NO. OF ORDINARY SHARES OF RM0.30			
NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST	%*	INDIRECT INTEREST	%*
K-Capital Sdn Bhd ("K-Cap")	79,442,459	35.24	-	-
Dato' Ahmad Kabeer bin Mohamed Nagoor	-	-	80,449,652[a]	35.69

Notes: [a] Deemed interested by virtue of his interest in K-Cap and AKN Capital Sdn. Bhd.

*

ANALYSIS OF SHAREHOLDINGS – AS AT 30 SEPTEMBER 2011 (CONTD.)

DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2011

(As per the Register of Directors' Shareholdings)

NAME OF DIRECTORS	NO. OF ORDINARY SHARES OF RM0.30			
	DIRECT INTEREST	%*	INDIRECT INTEREST	%*
Dato' Nik Mod Amin bin Nik Abd Majid	-	-	-	-
Dato' Ahmad Kabeer bin Mohamed Nagoor	-	-	80,449,652[a]	35.69
Azmir Merican bin Dato' Azmi Merican	250,000	0.11	2,315,000[b]	1.03
Dato' Sulaiman bin Mohd Yusof	100,000	0.04	-	-
N Chanthiran A/L Nagappan	92,000	0.04	-	-
Roslan bin Mohd Latif	20,000	0.01	-	-
Datuk Syed Hussian bin Syed Junid	-	-	-	-

Notes: [a] Deemed interested by virtue of his interest in K-Cap and AKN Capital Sdn. Bhd.
[b] Deemed interested by virtue of his interest in SLAM Resources Sdn. Bhd.

*

ANALYSIS OF SHAREHOLDINGS – AS AT 30 SEPTEMBER 2011 (CONTD.)

30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2011

(without aggregating securities from different securities accounts belonging to the same person)

NO.	NAME	NO. OF SHARES HELD	%*
1	K-Capital Sdn Bhd	65,593,363	29.10
2	CIMB Group Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for K-Capital Sdn Bhd*	13,846,154	6.14
3	Md. Shah bin Abu Hasan	9,325,900	4.14
4	Foo Choon Tow	6,166,300	2.74
5	Mercsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa*	3,937,300	1.75
6	Divesh Navinchandra Sheth	2,909,200	1.29
7	HLG Nominee (Tempatan) Sdn Bhd *Pledged Securities Account for Yeo Jin Hui*	2,500,000	1.11
8	SLAM Resources Sdn Bhd	2,315,000	1.03
9	Teresa Goh Lean See	2,007,300	0.89
10	Shaul Hamid bin Madar	1,878,100	0.83
11	Liow Meng Kiong	1,770,000	0.79
12	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Chong Lee Fong*	1,712,600	0.76
13	Deutsche Bank (Malaysia) Berhad	1,508,889	0.67
14	ECML Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Liew Yoon Peck*	1,500,000	0.67
15	Lim Gaik Bway @ Lim Chiew Ah	1,372,600	0.61
16	Lim Chong Chang	1,200,000	0.53
17	Affin Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Md. Shah Bin Abu Hasan*	1,156,000	0.51
18	Md. Shah bin Abu Hasan	1,100,000	0.49
19	CIMB Group Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for AKN Capital Sdn Bhd*	1,000,000	0.44
20	Lew Yuen Kee @ Lew Ah Kee	1,000,000	0.44
21	Lim Chin Sean	850,000	0.38
22	Lam Swee Lan	800,000	0.35
23	Loy Boon Chen	750,000	0.33
24	Liew Voon Tah	675,000	0.30
25	N Anantharajan a/l S Nadarajan	645,000	0.29
26	Ong Teck Wan	622,700	0.28
27	ECML Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Law Sim Shee*	600,000	0.27
28	Koperasi Pembangunan Daerah Johor Bahru Berhad	600,000	0.27
29	Hiang Meng Hong	575,000	0.26
30	Eow Yin Kam	550,200	0.24

* All percentage shareholding computations are based on the issued and paid-up capital less treasury shares account (3,236,800 shares) arising from the share buy back exercise.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of AWC BERHAD ("the Company") will be held at Function Room 1 & 2 (1st Floor), Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Tuesday, 29 November 2011 at 10.30 a.m. to transact the following business:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2011 together with the Reports of the Directors and Auditors thereon. **PLEASE REFER TO NOTE i**

2. To approve the payment of Directors' fees for the financial year ended 30 June 2011. **(RESOLUTION 1)**

3. To re-elect the following Directors who retire in accordance with Article 103 of the Company's Articles of Association :

   i. Dato' Sulaiman bin Mohd Yusof **(RESOLUTION 2)**
   ii. Dato' Ahmad Kabeer bin Mohamed Nagoor **(RESOLUTION 3)**

4. To re-elect Datuk Syed Hussian bin Syed Junid who retires in accordance with Article 109 of the Company's Articles of Association. **(RESOLUTION 4)**

5. To re-appoint Messrs. Crowe Horwath as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(RESOLUTION 5)**

   As Special Business :
   To consider and if thought fit, to pass the following Resolutions, with or without modifications :-

6. **ORDINARY RESOLUTION 1**
   GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 **(RESOLUTION 6)**

   "THAT pursuant to Section 132D of the Companies Act, 1965, 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 issued share capital 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 (CONTD.)

7. **ORDINARY RESOLUTION 2**
RENEWAL OF THE AUTHORITY FOR THE SHARE BUY-BACK BY THE COMPANY ("PROPOSED RENEWAL") **(RESOLUTION 7)**

"THAT, subject always to the Companies Act, 1965 ("Act"), the provisions of the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the extent permitted by the law, to buy-back and/or hold such amount of ordinary shares of RM0.30 each in the Company ("Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions for such purposes as the Directors may deem fit and expedient in the interest of the Company provided that:-

i. The aggregate number of Shares which may be purchased and/or held as treasury shares does not exceed 10% of the total issued and paid up share capital of the Company;

ii. The maximum amount to be allocated for the share buy-back shall not exceed the retained profits and the share premium account of the Company;

iii. The Shares purchased are to be treated in any of the following manner:-

a. cancel all or part of the purchased Shares; and/or
b. retain all or part of the purchased Shares as treasury shares; and/or
c. resell the treasury shares on Bursa Securities; and/or
d. distribute the treasury shares as share dividends to the shareholders of the Company for the time being.

AND THAT the authority conferred by this resolution shall commence upon the passing of this resolution until:-

i. the conclusion of the next Annual General Meeting ("AGM") of the Company, unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

ii. the expiration of the period within which the next AGM after that date is required by law to be held; or

iii. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting of the Company,

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company of the Shares before the aforesaid expiry date and made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any other relevant government and/or regulatory authorities;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Renewal with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of the Shares."

8. To transact any other business of which due notice shall have been given in accordance with the Act.

*

NOTICE OF ANNUAL GENERAL MEETING (CONTD.)

By order of the Board

Tea Sor Hua (MACS 01324)
Chan Bee Fang (MAICSA 7032385)
Company Secretaries

Petaling Jaya, Selangor Darul Ehsan
Date : 4 November 2011

NOTES:

i. The Agenda No. 1 is meant for discussion only as the provision of S169(1) of the Companies Act, 1965 does not require a formal approval of shareholders and hence, is not put forward for voting.

ii. A shareholder shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. Where a shareholder appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

iii. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.

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. The instrument appointing a proxy must be deposited at the Registered office of the Company at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

EXPLANATORY NOTES TO SPECIAL BUSINESS

1. General authority for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution 1 proposed under Agenda 6, 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 issued share capital 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 new 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).

*

NOTICE OF ANNUAL GENERAL MEETING (CONTD.)

EXPLANATORY NOTES TO SPECIAL BUSINESS (CONTD.)

2. Renewal of the authority for the Share Buy-Back by the Company

The Ordinary Resolution 2 proposed under Agenda 7 is to renew the shareholders' mandate for the share buy-back by the Company and will empower the Directors to buy-back and/or hold up to a maximum of 10% of the Company's issued and paid-up share capital at any point of time, by utilizing the amount allocated which shall not exceed the total retained profits and/or share premium account of the Company. This authority unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company, or the expiration of period within which the next AGM is required by law to be held, whichever is earlier.

Please refer to the Share Buy Back Statement to Shareholders dated 4 November 2011 for further details.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The Directors standing for re-election at the Tenth Annual General Meeting of the Company are as follows:-

   i. Dato' Sulaiman bin Mohd Yusof (Article 103)
   ii. Dato' Ahmad Kabeer bin Mohamed Nagoor (Article 103)
   iii. Datuk Syed Hussian bin Syed Junid (Article 109)

   Article 103 – At least one-third of the Directors for the time being shall retire from Office provided that all Directors, shall retire from office once at least in every three years but shall be eligible for re-election.

   Article 109 – Any Director appointed to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next following AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

2. The profile of the Directors who are standing for re-election are set out in the Directors' Profile Section (page 26 to 29 of the Annual Report); while the details of their interest in the securities of the Company are set out in the Analysis of Shareholdings – Directors' Shareholdings, which appear on page 162 to 164 of this Annual Report).

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)

or failing him/her, ______________________________ 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 Tenth Annual General Meeting of the Company to be held at Function Room 1 & 2 (1st Floor), Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Tuesday, 29 November 2011 at 10.30 a.m. and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her discretion.

NO	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees for the financial year ended 30 June 2011.		
2.	To re-elect Dato' Sulaiman bin Mohd Yusof as Director who retires pursuant to Article No. 103 of the Company's Articles of Association.		
3.	To re-elect Dato' Ahmad Kabeer bin Mohamed Nagoor as Director who retires pursuant to Article No. 103 of the Company's Articles of Association.		
4.	To re-elect Datuk Syed Hussian bin Syed Junid as Director who retires pursuant to Article No. 109 of the Company's Articles of Association.		
5.	To re-appoint Messrs Crowe Horwath as Auditors of the Company.		
6.	To approve the authority for Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
7.	To approve the renewal of the authority for the Share buy-back by the Company.		

Dated this ______________ day of ______________ 2011

NO OF SHARES HELD

____
Signature of Member(s)/Common Seal

Notes:

i. A shareholder shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. Where a shareholder appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

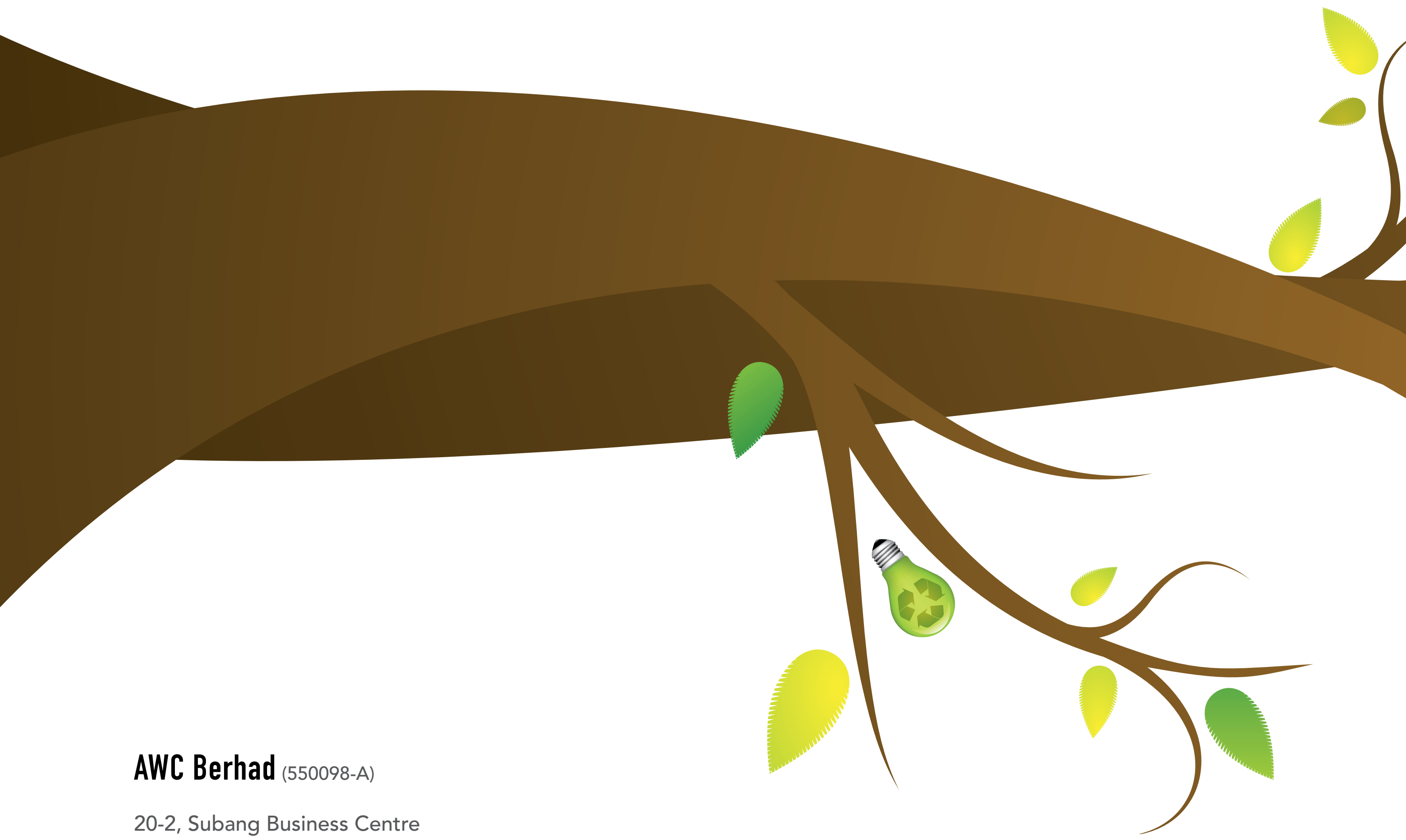
ii. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.

iii. 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.

iv. The instrument appointing a proxy must be deposited at the Registered office of the Company at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

Affix Stamp

The Company Secretary
AWC BERHAD (550098-A)
Third Floor, No. 79 (Room A),
Jalan SS21/60, Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan, Malaysia



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