



# ANNUAL REPORT 2016

Total Building Solutions



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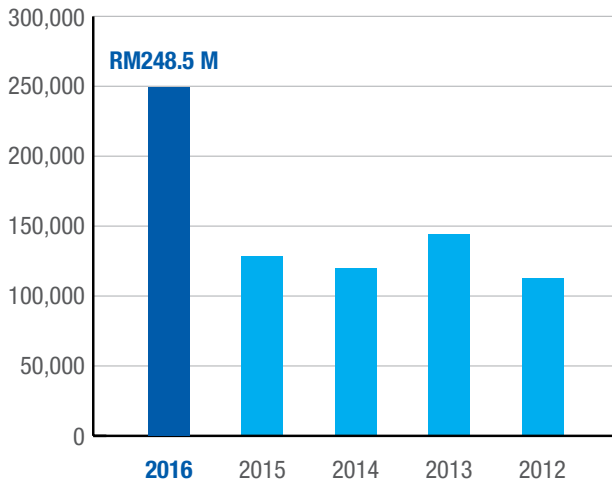
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# Financial Highlights

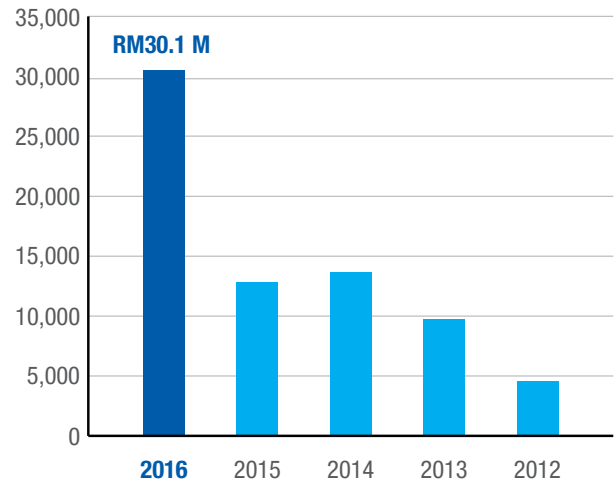
FINANCIAL YEAR ENDED 30 JUNE	CONSOLIDATED / GROUP				
	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
Statement of Comprehensive Income Highlights:					
Revenue	<b>248,532</b>	128,017	119,506	145,000	111,225
Profit From Operations	<b>29, 808</b>	12,695	13,223	9,311	4,498
Profit Before Taxation and zakat	<b>30,075</b>	12,769	13,753	9,715	4,609
Net Profit For The Financial Year	<b>23,595</b>	11,716	9,960	5,588	5,156
Net Profit Attributable to Owners of The Company	<b>17,127</b>	8,082	6,952	4,555	3,206
Earnings/(Loss) Per Share (sen)					
- continuing operations	<b>6.9</b>	3.6	3.1	2.0	3.0
- discontinued operations	-	-	-	-	(1.5)
Gross Dividend Per Share (sen)	<b>2.5</b>	-	-	2.5	1.5
Statement of Financial Position Highlights:					
Share Capital	<b>78,443</b>	68,604	68,604	68,604	68,604
Shareholders' Equity	<b>118,998</b>	91,597	79,012	71,130	72,028
Total Assets	<b>235,034</b>	152,986	148,309	155,332	146,988
Debt/Equity Ratio	<b>0.01</b>	0.02	0.04	0.07	0.11
Current Ratio	<b>2.3</b>	4.1	3.6	2.5	3.0
Net Assets Per Share (sen)	<b>45.5</b>	40.6	35.1	31.6	32.0

## Financial Highlights (cont'd)

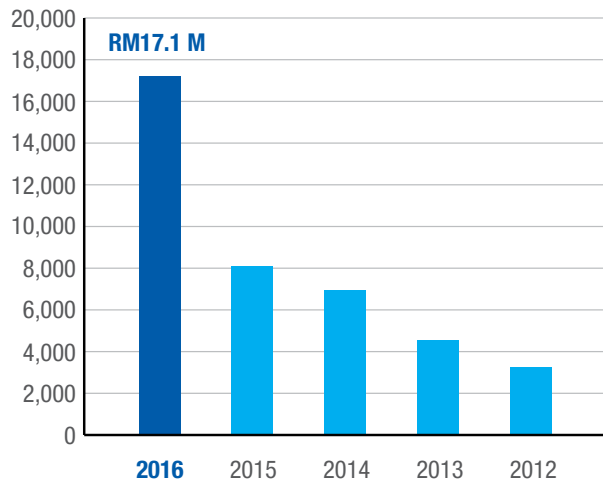
**REVENUE (RM'000)**



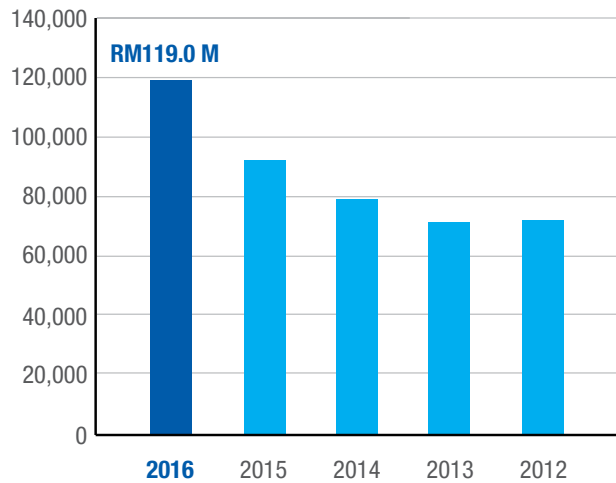
**PROFIT BEFORE TAXATION AND ZAKAT (RM'000)**



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

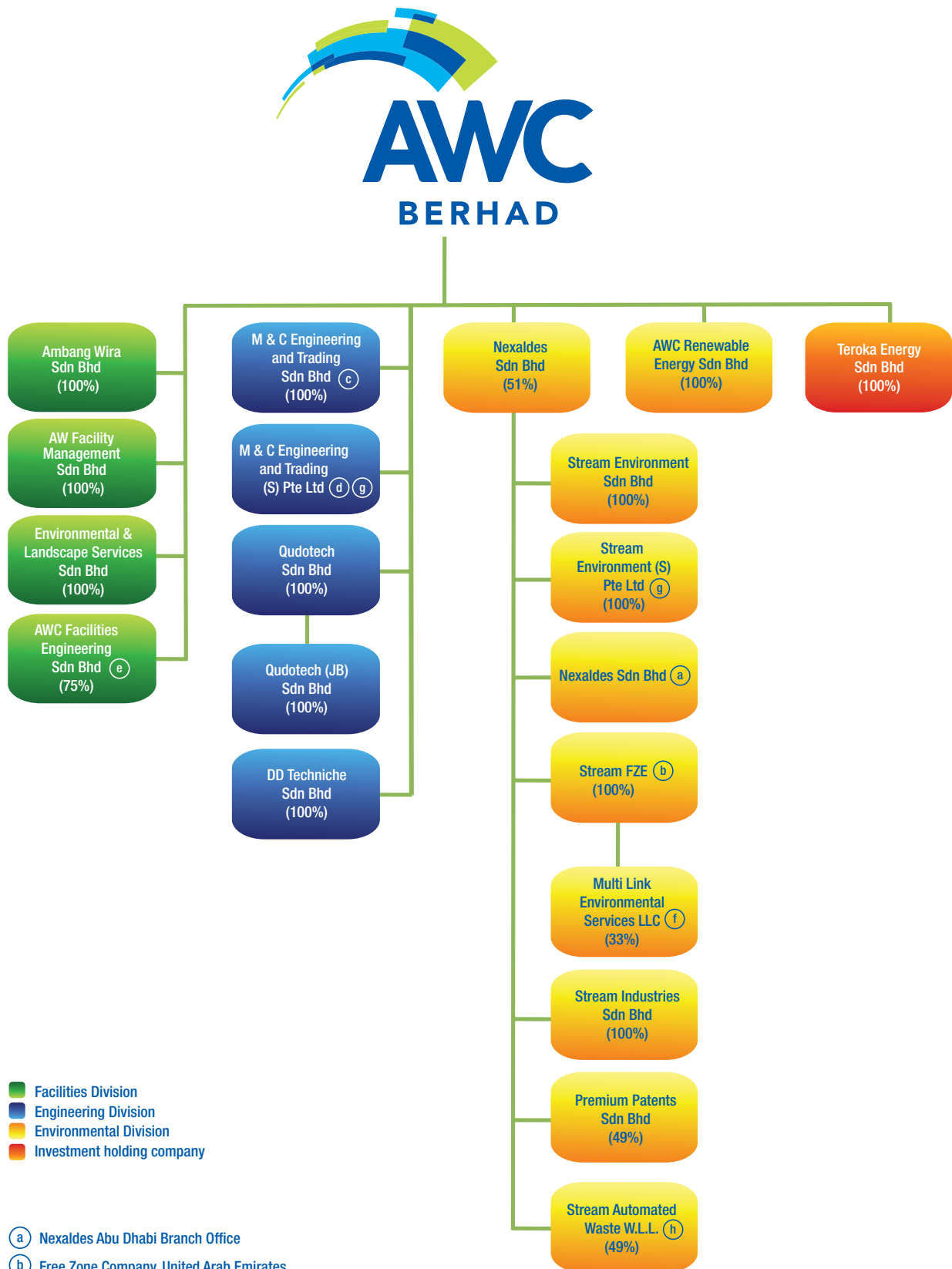


**SHAREHOLDERS' EQUITY (RM'000)**



# Group Structure

As At 20 October 2016



(a) Nexalides Abu Dhabi Branch Office

(b) Free Zone Company, United Arab Emirates

(c) 15% interest held via Ambang Wira Sdn Bhd

(d) 51% interest held via M & C Engineering and Trading Sdn Bhd

(e) 1% interest held via AW Facility Management Sdn Bhd

(f) Incorporated in Abu Dhabi, United Arab Emirates. In the process of being liquidated

(g) Incorporated in Singapore

(h) Incorporated in Qatar

# Corporate Information

## BOARD OF DIRECTORS

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

**Dato' Ahmad Kabeer bin Mohamed Nagoor**  
(Managing Director/Group Chief Executive Officer)

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

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

## AUDIT COMMITTEE

**Dato' Sulaiman bin Mohd Yusof** (Chairman)  
**Dato' Nik Mod Amin bin Nik Abd Majid**  
**N Chanthiran A/L Nagappan**

## NOMINATION COMMITTEE

**N Chanthiran A/L Nagappan** (Chairman)  
**Dato' Nik Mod Amin bin Nik Abd Majid**  
**Dato' Sulaiman bin Mohd Yusof**

## REMUNERATION COMMITTEE

**Dato' Sulaiman bin Mohd Yusof** (Chairman)  
**Dato' Nik Mod Amin bin Nik Abd Majid**  
**Dato' Ahmad Kabeer bin Mohamed Nagoor**

## EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

**Dato' Ahmad Kabeer bin Mohamed Nagoor**  
(Chairman)  
**N Chanthiran A/L Nagappan**  
**Tevanaigam Randy Chitty**

## COMPANY SECRETARIES

Tea Sor Hua (MACS 01324)  
Yong Yen Ling (MAICSA 7044771)

## REGISTERED OFFICE

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

## PRINCIPAL OFFICE

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

## SHARE REGISTRAR

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

## AUDITORS

Morison Anuarul Azizan Chew  
Chartered Accountants  
(AF: 001977)

## PRINCIPAL BANKERS

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

## STOCK EXCHANGE LISTING

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

## Board Of Directors



**DATO' SULAIMAN BIN  
MOHD YUSOF**

*Independent Non-  
Executive Director*

**DATO' AHMAD KABEER  
BIN MOHAMED NAGOOR**

*Managing Director/  
Group Chief Executive Officer*



## Board Of Directors (cont'd)



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

*Independent Non-Executive  
Chairman*



**N CHANTHIRAN A/L NAGAPPAN**

*Independent Non-  
Executive Director*



## Directors' Profile



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

Dato' Nik Mod Amin bin Nik Abd Majid, a Malaysian, male, aged 63, was appointed to the Board on 1 September 2009 as an Independent Non-Executive Chairman. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

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

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

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

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

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



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

Dato' Ahmad Kabeer bin Mohamed Nagoor, a Malaysian, male, aged 59 was appointed to the Board as a Non-Independent Non-Executive Director on 2 February 2005. On 22 June 2007, he was re-designated as the Non-Independent Non-Executive Deputy Chairman of the Company and subsequently as the Executive Deputy Chairman on 1 March 2012. On 29 May 2013, Dato' Ahmad Kabeer assumed the position of Managing Director/Group Chief Executive Officer of the Company. He is a member of the Remuneration Committee and the Chairman of the Employees' Share Option Scheme Committee of the Company. He is a major shareholder of the Company.

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

## Directors' Profile (cont'd)



**DATO' SULAIMAN BIN MOHD YUSOF**  
(Independent Non-Executive Director)

Dato' Sulaiman bin Mohd Yusof, a Malaysian, male, aged 65 was appointed to the Board on 9 January 2008 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee, the Chairman of the Remuneration Committee and a member of the Nomination Committee of the Company.

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

Dato' Sulaiman joined the Royal Malaysian Police in 1969 and has over 38 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 cybercrime. 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 also sits on the Board of Syarikat Takaful Malaysia Berhad.



**N CHANTHIRAN A/L NAGAPPAN**  
(Independent Non-Executive Director)

Mr. N Chanthiran A/L Nagappan, a Malaysian, male, aged 52 was appointed to the Board on 9 January 2008 as an Independent Non-Executive Director. He is the Chairman of the Nomination Committee, a member of the Audit Committee and Employees' Share Option Scheme Committee of the Company.

Mr. Chanthiran 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). He is currently a partner of Chanthiran & Co and C H & Associates.

Mr. Chanthiran has over 21 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 also served as Executive Director of Lityan Holdings Berhad from October 2007 to October 2009.

Mr. Chanthiran currently sits on the board of Key Asic Berhad.

### Note:-

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

2. None of the Directors have any conflict or interests with the Company.

3. None of the Directors have been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2016, other than traffic offences.

## Key Senior Management Profile

**CHEA THEAN TEIK**

*Chief Executive Officer,  
Environment Division,  
Nexaltes Sdn Bhd*

**TAN SIEW KHENG (David)**

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

**NIK ADNAN BIN NIK  
MOHD SALLEH**

*Managing Director, Facilities  
Division, Ambang Wira Sdn  
Bhd*

## Key Senior Management Profile (cont'd)



**DATO' AHMAD KABEER  
BIN MOHAMED NAGOOR**

*Managing Director/Group  
Chief Executive Officer, AWC  
Berhad*

**TEVANAIGAM RANDY  
CHITTY**

*Chief Financial Officer,  
AWC Berhad*

**KOH GOH KOW (Peter)**

*Senior General Manager,  
Engineering Division, M&C  
Engineering and Trading  
Sdn Bhd*

## Key Senior Management Profile (cont'd)

The executive function in the Group is spearheaded by the Managing Director/ Group Chief Executive Officer, Dato' Ahmad Kabeer bin Mohamad Nagoor, whose profile is included under the section on Directors' profile on pages 8 to 9 of this Annual Report.

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

### NIK ADNAN BIN NIK MOHD SALLEH

*Managing Director, Facilities Division, Ambang Wira Sdn Bhd ("AWSB")*

Nik Adnan Bin Nik Mohd Salleh (Nik Adnan), a Malaysian, male, aged 59. He joined the group on 1 November 2012 and currently holds the position of Managing Director, Facilities Division, AWSB.

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

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

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

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

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

### TAN SIEW KHENG (David)

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

Tan Siew Kheng (David), a Malaysian, male, aged 57, is the Managing Director of Qudotech and DDT. AWC completed the acquisition of 100% of both these companies in October 2015.

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



## Key Senior Management Profile (cont'd)

He started his career in an Mechanical and Electrical ("M&E") Contracting company, Radio & General Trading Sdn Bhd in 1983. Subsequently he joined an M&E consultancy company, Abu Bakar & Associates in 1984 and was the resident engineer for the Saujana Golf Resort, Subang for 4 years. After that he worked with main contractors Shimizu-Peremba and Peremal Sdn Bhd before joining Faber Berhad in 1991. He has extensive experience in management and construction of Hotels, Hospitals, Golf Resorts, Factories and High Rise offices and Condominiums. In 1993 he ventured into business by forming DDT. In 1996 he formed Qudotech. Today Qudotech specialises in Cold/Hot Water & Sanitary Plumbing Services and is one of the market leaders in high end high rise mega projects. DDT specialises in Rainwater Harvesting and Grey Water Recycling Systems. David and his other partners therein sold Qudotech and DDT to AWC in October 2015 and remains the Managing Director of these two companies.

### **KOH GOH KOW (Peter)**

*Senior General Manager, Engineering Division, M&C Engineering and Trading Sdn Bhd*

Koh Goh Kow (Peter), a Malaysian, male, aged 68, is the Senior General Manager of M&C Engineering and Trading Sdn Bhd. He holds a Diploma in Mechanical Engineering (Upper Class) (year 1970) and Diploma in Air Conditioning, Heating and Ventilation (year 1975), obtained from College North Sydney, Australia.

He started his career as Designer for air conditioning and ventilation systems, equipment selection in General Electric Company in 1970 and then in 1972, he joined International Air Conditioning Company (now known as Carrier (M) Sdn Bhd) as Senior Technical Assistant and received further training to do chilled water pipes design and project costing. In 1974, he joined China Engineering Ryoden (now known as Mitsubishi Electric Elevator) as Senior Project Engineer doing project costing, tender costing and design. He received training in Japan for chiller selection, and service and maintenance while he was there. He started his own company called Kejuruteraan Irama Sdn Bhd which he ran from 1977 until 1994. In 1995, he joined Ryoden (M) Sdn Bhd as Division Manager in charge of sales and installation of Mitsubishi Electric air conditioning equipment. He resigned in year 2001 and then ran his own business under the name Aircontech System Engineering Sdn Bhd until 2013. After that he did part time work on a consultancy basis until early 2015 when he joined M&C Engineering and Trading Sdn Bhd as General Manager.

Being in the Air Conditioning and Mechanical Ventilation ("ACMV") business for 46 years, he has successfully completed more than 80 projects covering shopping complexes, hospitals, electronic factories (including cleanrooms), hotels and universities.

### **CHEA THEAN TEIK**

*Chief Executive Officer, Environment Division, Nexaldes Sdn Bhd ("Nexaldes")*

Mr. Chea Thean Teik, a Malaysian, male, aged 44. He holds a Bachelor's Degree in Mechanical Engineering from the University Technology of Malaysia (UTM) which he obtained in 1997. He is a corporate member of the Institute of Engineers Malaysia (IEM). He completed The Malaysian Board of Engineers Professional Interview and Examination in year 2004, and was admitted as a qualified Professional Engineer (Mechanical) in year 2005.

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

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

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



## Key Senior Management Profile (cont'd)

### TEVANAIGAM RANDY CHITTY

*Chief Financial Officer ("CFO"), AWC Berhad*

Tevanaigam Randy Chitty (Randy), a Malaysian, male, aged 48. He joined AWC as the CFO on 11 March 2015.

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

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

Presently, he is also the Director/Principal Consultant of LeadingAdvantage Consulting Sdn Bhd, a position he has held since 2009. Since 2010, he has been an Associate at Sierac Corporate Advisers Sdn Bhd.

He also sits on the Board of LKL International Berhad.

### Note:-

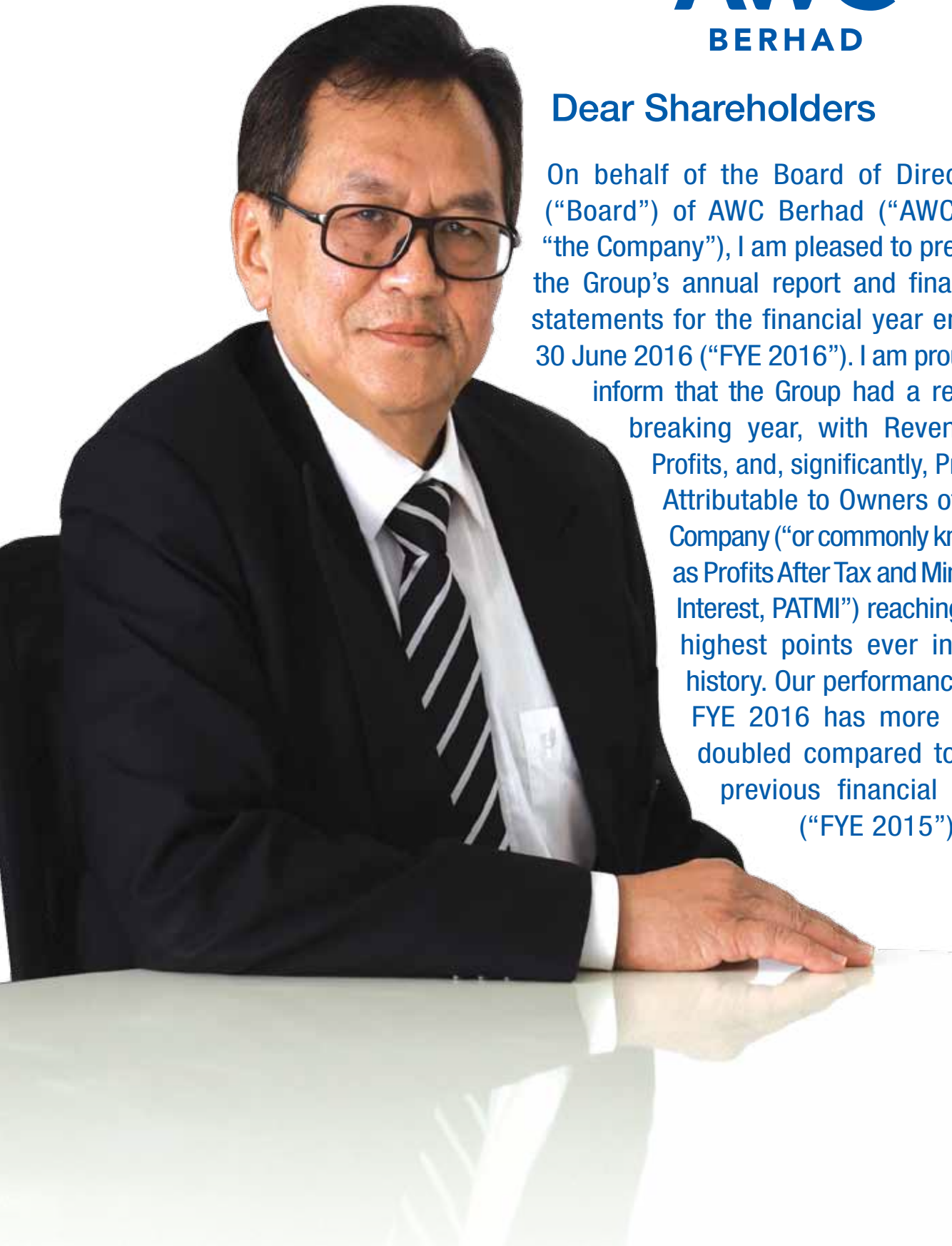
1. None of the key senior management personnel have any family relationship with any Directors and/or major shareholders of AWC Berhad except for Dato' Ahmad Kabeer bin Mohamed Nagoor who is a director and shareholder of K-Capital Sdn Bhd, a major shareholder of the Company.
2. None of the key senior management personnel have any conflict of interest with the Company.
3. None of the key senior management personnel have been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2016, other than traffic offence. All the key senior management personnel have had no convictions for offences other than traffic offences in the past ten years.

## Chairman's Statement



### Dear Shareholders

On behalf of the Board of Directors ("Board") of AWC Berhad ("AWC" or "the Company"), I am pleased to present the Group's annual report and financial statements for the financial year ended 30 June 2016 ("FYE 2016"). I am proud to inform that the Group had a record breaking year, with Revenues, Profits, and, significantly, Profits Attributable to Owners of the Company ("or commonly known as Profits After Tax and Minority Interest, PATMI") reaching the highest points ever in our history. Our performance for FYE 2016 has more than doubled compared to the previous financial year ("FYE 2015").



## Chairman's Statement (cont'd)

### FINANCIAL REVIEW

In FYE 2016, Group revenue increased by 94% to RM248.5 million, compared to RM128.0 million last year. This tremendous improvement in the topline was contributed by all our three Divisions. The Facilities Division, long the mainstay of our Group, contributed approximately 39% of Revenue, with Engineering and Environment Divisions contributed approximately 31% and 30% respectively.

In tandem with the improvement in Revenue for the Group, Profit before Tax and Zakat for FYE 2016 amounted to RM30.1 million, a staggering 135% increase compared to FYE 2015 of RM12.8 million.

The Group's Profit after Tax ("PAT") for FYE 2016 amounted to RM23.6 million, an increase of 101% compared to FYE 2015. Again, the main contributor was the Environment Division, registering approximately 55%. The Facilities and Engineering Divisions carried their weight though, contributing approximately 36% and 9% respectively to the Group's PAT.

The solid financial performance for the Group has resulted in our highest ever PATMI and earnings per share ("EPS"). Total PATMI amounted to RM17.1 million, more than double that for FYE 2015. EPS for FYE 2016 amounted to 6.9 sen per share, compared to 3.6 sen per share for FYE 2015.

As a result of the impressive financial results for the financial year, the Group's balance sheet remains robust, with net cash in hand at the end of FYE 2016 amounting to RM44.7 million and net assets of RM119.0 million.

We have analysed these financial results on a Divisional basis in our Management Discussion and Analysis ("MDNA") Section on pages 21 to 28 of this Annual Report.

*Terminal Bersepadu Selatan  
(Environment Division)*



*Al Dana (Environment Division)*



## Chairman's Statement (cont'd)

### OPERATIONAL HIGHLIGHTS

#### Facilities Division

Several significant events took place within the Facilities Division this year. Foremost would be the renewal of the Concession from the Federal Government for the maintenance of Federal Government Common User Buildings in the states of Johor, Melaka, Negeri Sembilan (collectively known as "the Southern Zone") and Sarawak. This concession was renewed in March this year, for a period of ten (10) years from 1 January 2016 until 31 December 2025. The total fee for the ten year Concession period amounts to a total of RM555 million.

Concurrent with the renewal of the Concession, the Federal Government also engaged us to undertake significant asset repairs and refurbishment works, via the execution of an agreement for the Critical Asset Refurbishment Programme ("CARP"). Under CARP, the Federal Government will pay us a total of RM140 million over the ten-year Concession period to undertake the required works. As a result of this, as well as the renewal of the Concession, the Group now has an order book that stretches for ten years in the Facilities Division alone.

Our Healthcare segment within the Facilities Division has strengthened with the commencement of the maintenance of all Johor State clinics from 1 July 2015, and the maintenance of Hospital Shah Alam, Selangor ("HSAS") from 1 March 2016. We have recently also obtained an extension of the maintenance for Hospital Rehabilitasi Cheras, for another year, ending 31 August 2017.

The Revenue profile in the Facilities Division has evolved further from last year, with contribution from the Concession Segment at approximately 53%, Commercial at 29% and Healthcare at 18%. It is important to note while our Revenue profile has evolved, this has been on the back of improved financial performance throughout. The evolution of our Revenue profile also represents a conscious effort by Management to diversify our dependency on any one Segment (within the Facilities Division), and the associated risks.

#### Environment Division

This Division continues to contribute to the financial performance of AWC. In FYE 2016, the STREAM Automated Waste Collection System ("STREAM AWCS") projects achieved significant progress on ongoing projects, enabling us to generate strong



*Signature Tower  
(Engineering Division)*

revenue numbers from this Division, resulting in better earnings for the Group.

A significant achievement in this Division has been the recent contract award for Block C in the KL Ecocity Project owned by the SP Setia Group. This contract albeit small in value, meant that the STREAM AWCS will be implemented fully throughout the entire KL Ecocity development.

Our work in the Al Raha Beach project for Aldar Properties in Abu Dhabi, UAE, continues to progress as planned. They engaged us to carry out Phase 2 infrastructure works on the East Wing of Al Raha Beach, where work is currently ongoing. We have also secured, and are carrying out additional works on individual sites there, known as In-Plot projects.

The order book for our Environment Division continues to grow. Just after the end of the financial year, we have secured several significant contracts. These include projects in India, Taiwan and the KL118 tower. In India, we are to design and supply our AWCS system into an Integrated Industrial Township in Delhi/Mumbai, including subsequent maintenance. In Taiwan we are to design, supply and install our AWCS for the Inflight Catering Facility for the Taiwan International Airport in Taoyuan, Taiwan. Significantly, we have also secured the contract for the installation of the AWCS in the KL118 Tower. Our project win here is in addition to the contract awarded to Qudotech (part of our Engineering Division) for the plumbing works for the same project.

## Chairman's Statement (cont'd)

Our Environment Division is in talks with various parties throughout the world to introduce our system. We hope to have more good news on this front in the near future as these talks come to fruition as we secure new contracts and expand our footprint globally.

### Engineering Division

The watershed event for the Engineering Division for the year under review was the completion of the acquisition of Qudotech Sdn Bhd ("Qudotech") and DD Techniche Sdn Bhd, in early October 2015. Since the acquisition, Qudotech has managed to secure several high value and prominent plumbing works. These include the plumbing contract for the KL118 Tower (also known as the Warisan Merdeka, RM61.95 million), PNB 1194 (the MAS Building, RM19 million) and Signature Tower in the Tun Razak Exchange (TRX, RM18.15 million). The securing of these contracts by Qudotech illustrates the sound standing of Qudotech in the eyes of various building and property owners, and of our technical prowess and ability to undertake prestigious projects of such nature.

The work undertaken by this Division in the field of constructing full air conditioning systems for various projects continue at a steady pace. The Xiamen University project in Dengkil Selangor is nearing completion, and the Capital 21 project in Johor is expected to complete in the coming financial year.

We have also recently secured the Air Conditioning and Mechanical Ventilation ("ACMV") Services, Electrical and Lightning Protection Services ("ELPS") and Extra Low Voltage ("ELV") services for the Education Hub in Cyberjaya for a total of approximately RM12.7 million.

### BEST COMPANY FOR INVESTOR RELATIONS ("IR")

During the year, we have continuously engaged with investors as well as market intermediaries in order to give them an insight into AWC. Our IR initiative was well received, and this culminated with AWC being awarded the "Best Company for IR" in the micro cap category in the 2016 Malaysian Investor Relations ("MIRA") Awards in July 2016.

### BUSINESS REVIEW

The first three quarters of 2016 was challenging for both the local and global economies due to the prolonged slump in oil and commodity prices. The weak Malaysian Ringgit during the year impacted market sentiment as financial markets remained volatile throughout the year.

For the last quarter of 2016, the Malaysian economy is expected to achieve full year growth of 4.4% as infrastructure spending continues to be robust, supported by new and existing civil engineering projects in the transport and petrochemical segments.

The government's fiscal consolidation plan remains on track despite the prolonged slump in oil prices as the implementation of GST in April 2015 and an ongoing reduction in the government's operating expenditures curbs the deficit.

Going forward, the Malaysian economy is expected to pick up in 2017 to 2018 as commodity prices recover and global economic growth improves.



IB Tower (Engineering Division)

## Chairman's Statement (cont'd)

### OUTLOOK

AWC is very fortunate to have been the beneficiary of the award of more than RM1 billion worth of contracts throughout our three Divisions since 1 January 2016. Our strong order book gives clear visibility of the Group's earnings potential in the near future. The contract awards are testament to our capabilities as well as our sound reputation in the market. Our immediate challenge is to make sure that we execute these projects well, exceed customer expectations and deliver in a timely and cost effective manner.

We have provided a more detailed outlook for the Group on a Divisional basis in our MDNA, set out on pages 21 to 28 of our Annual Report.

### DIVIDEND

On 25 May 2016, the Board declared a Single-Tier Special Dividend of 1.5 sen per ordinary share for FYE 2016.

Further, in recognition of the stellar year, the Board has recommended a Final Single-Tier Dividend of 1.0 sen per ordinary share for FYE 2016. This proposed dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

Together with the Single-Tier Special Dividend of 1.5 sen per ordinary share, which has been paid to the shareholders of the Company on 1 July 2016, it will bring the total dividend payout in respect of FYE 2016 to 2.5 sen per ordinary share.

### CONTRIBUTIONS TO SOCIETY

AWC continues to be active in contributing to the society through contributions and donations to charitable organisations and social welfare groups. We intend to continue with this effort for the forthcoming year.

In the future we intend to extend this benevolence and altruism to more needy recipients apart from aiding and participating more actively in future philanthropic activities.

### HUMAN CAPITAL DEVELOPMENT

We have grown in terms of human capital over the last few years. We now employ a total of approximately 1,457 employees throughout all our Divisions, including abroad in Singapore and in the United Arab Emirates. Our staff force is diverse in gender, ethnicity and age.



Tampines North (Environment Division)



## Chairman's Statement (cont'd)

ECERDC Pasir Mas  
(Facilities Division)



We continue to focus on areas such as succession planning, training and development and coordination and implementation of policies and procedures throughout the Group, which reflect our core values and beliefs.

During FYE 2016, AWC implemented our Employees' Share Options Scheme ("ESOS") where eligible employees including the Directors, were offered share options under the ESOS. We believe this is a useful long term tool in attracting, retaining and rewarding employees for our future growth.

### NOTES OF APPRECIATION

During the FYE 2016, we saw the resignation of Datuk Syed Hussian Bin Syed Junid and En. Roslan Bin Mohd Latif from the Board of AWC on 25 May 2016 and 1 June 2016 respectively, both of whom have served on the Board for considerable lengths of time. I thank them for their contributions in the past, and wish them well in their future endeavours.

On behalf of the Board, I wish to place on record my thanks and gratitude to our customers, bankers, business associates and other stakeholders for their continuous support and confidence in the Group. I also convey my heartfelt appreciation to the Federal Government and other authorities for their support and confidence in us, especially with regard to the renewal of the Concession. We remain committed to excellence in all we do, and aim to justify the support and confidence shown towards us.

I also thank my fellow Board members for their continued contributions and invaluable insights towards the Group.

The Management and staff of AWC rightly deserve the accolades and recognition for the record breaking financial results and operational performance we have achieved for FYE 2016. Thank you for your hard work and commitment, and let's work to ensure that we improve further and surpass our past performance.

For our shareholders, thank you for being with us, and for your faith in entrusting us with the stewardship of the Group as we head into the future.

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

# Management Discussion & Analysis

## OVERVIEW OF BUSINESS & OPERATIONS

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

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

## Management Discussion & Analysis

(cont'd)

### OBJECTIVES & STRATEGIES

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

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

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

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

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

## Management Discussion & Analysis (cont'd)

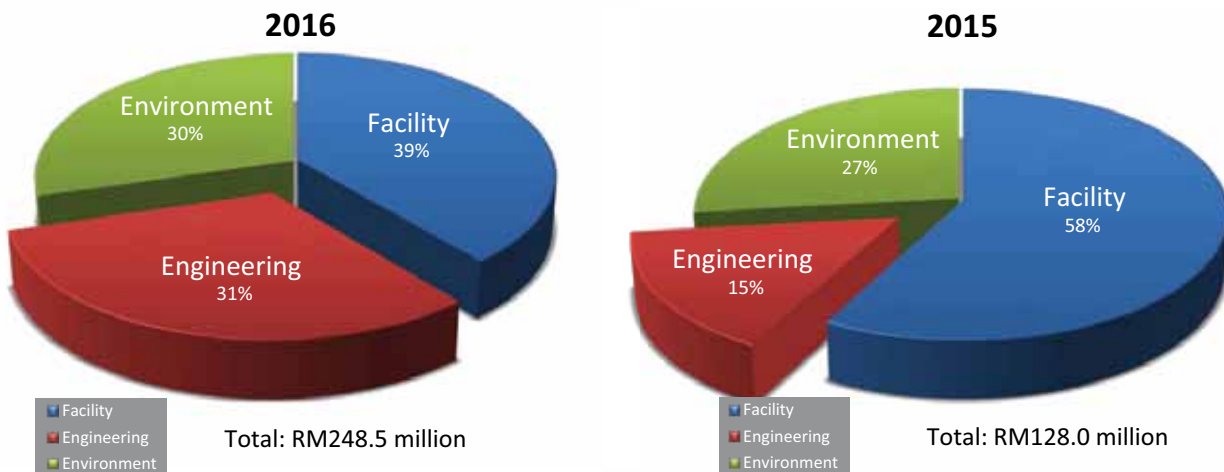
### REVIEW OF FINANCIAL RESULTS AND OPERATING ACTIVITIES

#### The Group

Financial performance for the Group for FY2016 has been a record breaking one. All the financial parameters reported have shown our highest ever achievement, from Revenue all the way to Profit Attributable to Shareholders/Owners of the Company (commonly referred to as Profit After Tax and Minority Interests, or "PATMI").

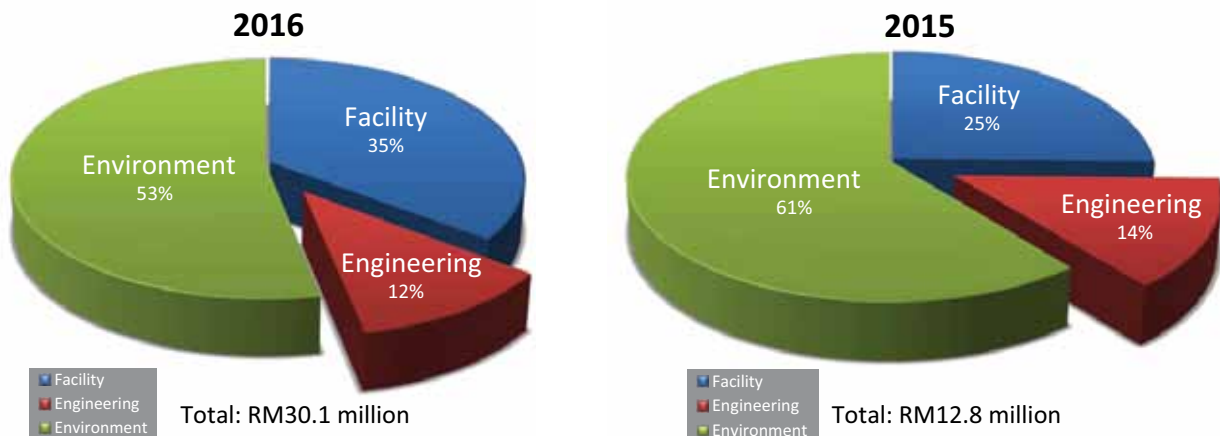
#### Revenue by Division

Group Revenue amounted to RM248.5 mil, almost doubling from that reported for FY2015, of RM128 mil. The significant improvement in group revenue has been contributed by improvements in all three divisions, as shown in the pie chart below:



#### PBT by Division

The Group's Profit Before Tax and Zakat registered a significant improvement from last year, essentially in line with the higher revenues reported by the Group. This improvement to RM30.1 million reported for FY2016 (FY2015: RM12.8 million) was in line with improvement in Group Revenue, in that the improvement was contributed by improvement in all three divisions.

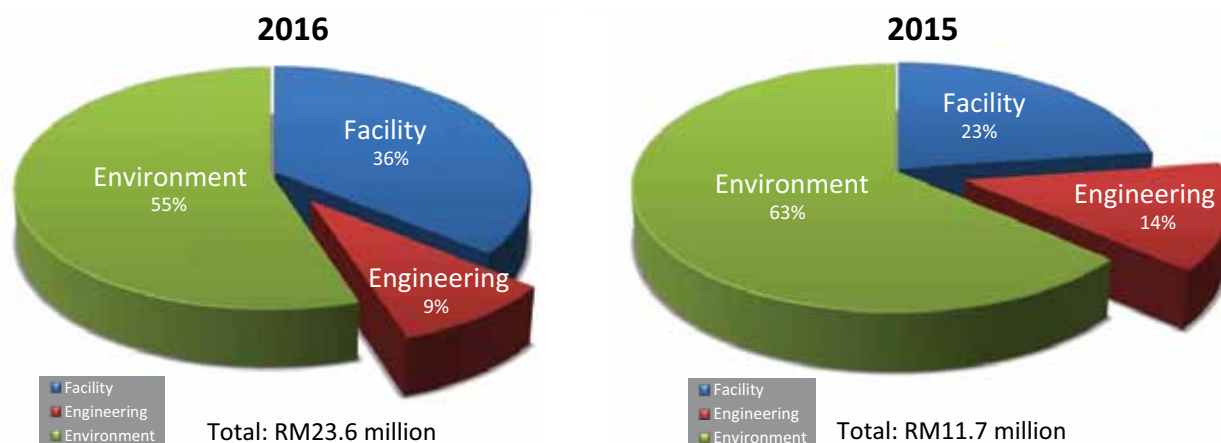


## Management Discussion & Analysis

(cont'd)

### PAT by Division

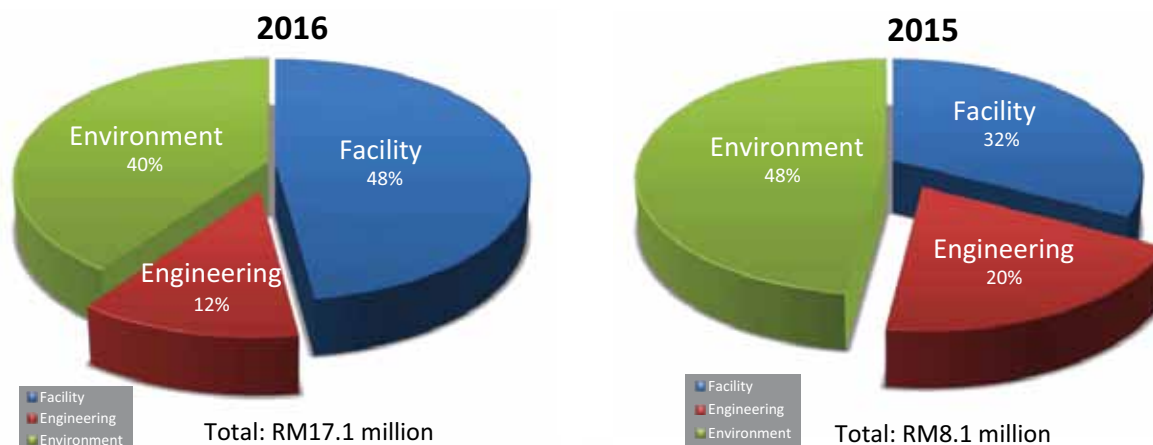
At the Profit After Tax level, amount reported was RM23.6 million, slightly over double that reported for FY2015 of RM11.7 million. This brought our effective tax rate up to approximately 21.4%, from 8.6% in FY2015, which was low (for FY2015) because of the utilization of certain tax incentives and tax losses available in certain subsidiaries which were no longer applicable in FY2016.



### PATMI by Division

Finally at PATMI level for FY2016, we reported an amount of RM17.1 million. This represents the first time the Group has reported PATMI in excess of RM12 million (highest previously was RM11.8 mil in FY2010). Significantly, in FY2016 we have seen improved contributions from the Facilities and Engineering Divisions, reducing dependence on the Environment Division.

In the ensuing sections, we analyze the financial performance of the Group on an individual Divisional basis.



### The Facilities Division

Revenue for the Facilities Division in FY2016 amounted to RM96.6 million. This improvement from RM73.7 million in 2015 was contributed by several factors as follows:

- Renewal of the Concession effective 1 January 2016 whereby revised rates were applicable effective from that date.
- Commencement of maintenance for all state clinics (12 clinics in total) in the State of Johor on 1 July 2015.
- Commencement of maintenance for Hospital Shah Alam, Selangor ("HSAS") from 1 March 2016.



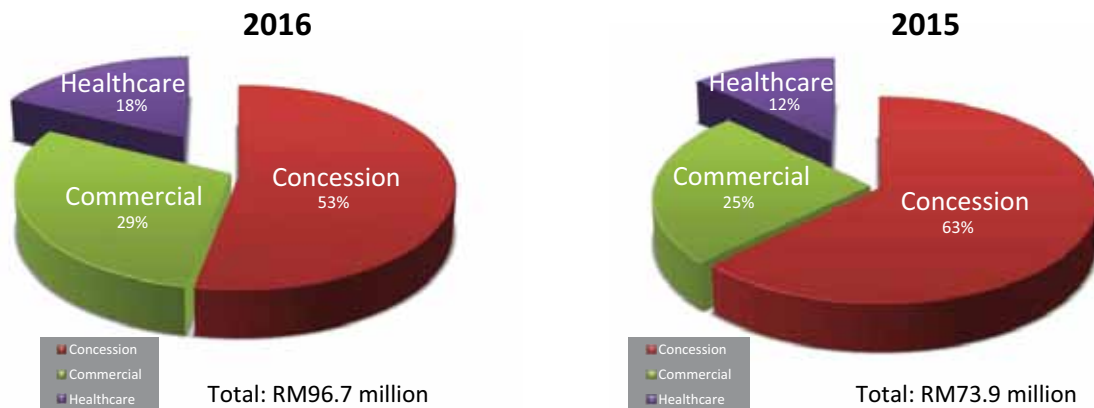
## Management Discussion & Analysis (cont'd)

The Concession segment contributed roughly 50% of revenue in the Division for FY2016. The Concession business remains a very important part of our business, but we have reduced our dependence from previously (approximately 70% in FY2015). This reduction in contribution comes along with an overall increase in revenues, and not because lower revenues were reported in the Concession segment.

In the Healthcare segment, we have secured additional contracts in FY2016. In this segment, we now maintain Hospital Rehabilitasi Cheras (since 1 September 2013) and all government clinics in the State of Johor (1 July 2015). Most significantly, we have on 1 March 2016 commenced the maintenance of HSAS for a 5 year period for a total fee of approximately RM90 million.

The strong performance in revenues reported in the Facilities Division was matched by a corresponding increase in earnings. Divisional profit before tax, and profit after tax for the year under review improved, throughout all our three segments.

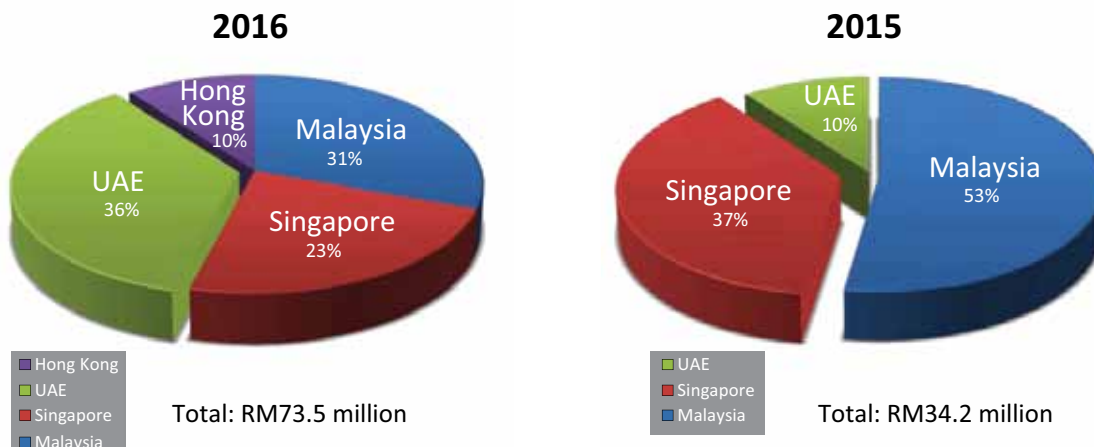
### Revenue by Segment



### The Environment Division

Environment Division Revenue at RM73.5 million for FY2016 has more than doubled from RM34.2 million reported in FY2015.

### Revenue by Geographical segment



The impressive performance by the Environment Division was again, contributed by improvements in all the geographical regions we operate in. These improvements have been due to a number of reasons, including new contracts secured, delivery and installation of certain big ticket items during the year, as well as the steady growth of revenue contribution from Operation and Maintenance fees charged to customers.



## Management Discussion & Analysis

### (cont'd)

Profit before tax has increased, in line with the strong revenue growth. The performance of the Division was hampered slightly by the provisions for doubtful debt amounting to RM2.3 million, and RM1.6 mil impairments in overseas investments. We are working hard towards the recovery of these debts and impairments, despite them already being provided for.

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

We have recently commenced projects in India and Taiwan, and are evaluating proposals in other countries, such as in Australia, Russia and China. We are optimistic that we will secure certain of these contracts in the near future, and will announce them as they occur.

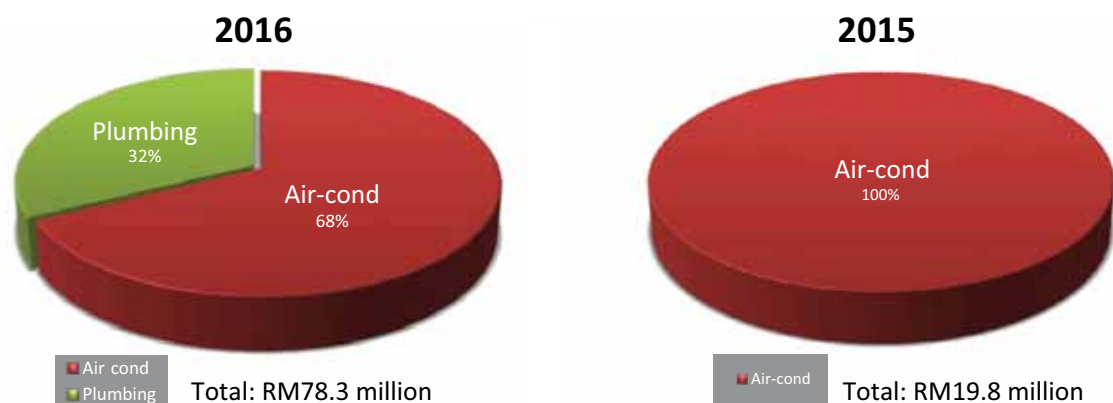
Significantly, on 13 September 2016 we signed the contract to install our STREAM AWCS systems in Menara KL118/Warisan Merdeka. This contract will commence in March 2017, and is expected to be completed in October 2019. This adds a further feather in our cap, as AWC through our Engineering Division has already obtained the contract to undertake plumbing works in Menara KL118.

This contract (together with the contracts in Taiwan and India) adds on to our healthy order book within the Environment Division, and will keep us busy through to the end of FY2018. Significantly too, the securing of the contracts in Taiwan and India, extends our reach into the international market.

### The Engineering Division

In this Division we have experienced some significant changes. In the third quarter of FY2015 we embarked on the construction and implementation of full blown air conditioning systems for buildings and facilities. This, together with the continued sound performance of our subsidiary in Singapore has contributed significantly to the improved results for this Division.

### Revenue by segment



For the air conditioning business, we are reaching the tail end of the Xiamen University project (Phase 1, approximately 80% complete). For the Capital 21 project in Johor, we expect to complete the project towards the end of this calendar year.

We also recently announced the securing of the AMCV, ELPS and ELV contract for the Education Hub in Cyberjaya. This contract for a total of RM12.7 mil for all services, is on a fast track basis, and is expected to be completed by the end of FY2017.

## Management Discussion & Analysis (cont'd)

In addition, in October 2015 AWC completed the acquisitions of Qudotech and DDT. These acquisitions were undertaken with the provision of a profit guarantee by the vendors of these companies, for RM3.9 million per annum on a profit after tax basis, for FY2016 and FY2017 respectively. This guarantee was met by the vendors of Qudotech and DDT for FY2016. We expect Qudotech and DDT to meet the profit guarantee for FY2017.

This Division registered profits due to the commencement of the air conditioning project business, the strong performance of our subsidiary in Singapore and the inclusion of the results of Qudotech and DDT after the completion of the acquisition in October 2015.

### KEY FINANCIAL ANALYSIS

Details of the securities for borrowings of the Group are disclosed in Note 30 to the financial statements. As disclosed in Note 36 to the financial statements, the Company had issued financial guarantees in favour of certain subsidiaries amounting to RM52.5 million.

The Group has some international operations and is exposed to a certain extent to foreign exchange risks arising from various foreign currency exposures including the Singapore Dollar, United Arab Emirates Dirham and Qatari Riyal. Further information on currency exposure is set out in Note 38(a) to the financial statements.

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

We remain virtually debt free, with only an amount of RM0.94 million combined for both long term and short term borrowings. In addition, the Group's cash reserves amounted to approximately RM43.8 million. We remain in a strong net cash position.

Trade receivables have shown a huge increase, from RM56.8 million in FY2015 to RM112 million in FY2016. While this may appear a concern at first glance, when viewed against the increase in Revenues reported in FY2016 over FY2015 (almost doubling), the increase in receivables is consistent and understandable.

Total net assets, reflective of the strong performance of the Group in the recent years, has breached the RM100 mil mark for the first time ever, to RM119.0 million, or 46 sen per share.

Our Balance Sheet remains strong, and we believe with prudent management of our business, it will continue to remain strong.

The Group's business, carried out through the above three divisions, are asset light. We do not have any plans to undertake any significant asset purchases/capex. The only capex we expect to incur in the near future are in respect of the CARP. In this instance, we will incur the expenditure to undertake the CARP, and will be paid for this via the monthly installments we will receive.

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

### THE JOURNEY AHEAD

The Group has been very fortunate to have secured an amount in excess of RM1 billion worth of contracts during FY2016. The biggest portion here was the Concession and the CARP, worth a total of RM695 million over the next ten years. Other than the Concession, the other contracts secured were well spread out, within the Facilities Division (outside of the Concession) and also in the Engineering and Environment Divisions.

## Management Discussion & Analysis

(cont'd)

We have garnered this strong order book against the backdrop of weaker economic sentiment in Malaysia and worldwide. We continue to face issues with the strength of our currency, fluctuating oil prices and political challenges faced by the country.

### ***Facilities Division***

The execution of the contract for the renewal of the Concession, enables the Facilities Division to use that as stable base from which we will work towards securing additional contracts in the commercial and healthcare segments.

### ***Environment Division***

In the Environment Division we have recently secured some contracts in Taiwan, India, and also the KL118 Tower contract. In addition to those already in hand, we will be kept busy executing these new contracts for the next two or three years. Project execution, and as always cost considerations will be uppermost in our minds in the next few years for the Environment Division.

### ***Engineering Division***

Since the beginning of the year 2016, we have secured close to RM100 million worth of contracts for plumbing works, to be undertaken by Qudotech. These include for the KL118 Tower project (as for the Environment Division stated earlier), the MAS building refurbishment and new tower construction and also the Signature Tower in the Tun Razak Exchange. We are taking this time to consolidate our operations in the plumbing segment, and are busy ensuring the projects run smoothly, with no significant hiccups.

The securing of these several contracts during the second half of the FY2016 financial year are further testament to our commitment to quality and our position as a leading plumbing contractor for premium high end developments.

Our air conditioning contract portion of the Division will also be busy finishing the two projects (Xiamen University and Capital 21 Project) on hand as well as the Cyberjaya Education project more recently secured.

### ***Human Resource Considerations***

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

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

# Corporate Governance Statement

## INTRODUCTION

The Board of Directors ("Board") of AWC Berhad ("Company") is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries ("the Group"). This is a fundamental part of discharging its duties to enhance shareholders' values, consistent with the principles and recommendations for best practices as set out in the Malaysian Code on Corporate Governance 2012 ("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 its corresponding recommendations during the financial year ended 30 June 2016.

## A. THE BOARD

### i. Board Charter

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

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

The Board Charter is published in the corporate website of the Company at <http://awc.irplc.com/investor-relations/pdf/bc.pdf>.

### ii. Code of Ethics and Conduct

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

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

The Whistleblowing Policy is available on the corporate website of the Company at <http://awc.irplc.com/investor-relations/pdf/wbp.pdf>.

### iii. Composition and balance of the Board

The Board currently has four (4) members, comprising one (1) Executive Director (who is the MD/GCEO), and three (3) Independent Non-Executive Directors. This complies with the requirement that minimum two (2) members of the Board comprises Independent Directors as stated in Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

## Corporate Governance Statement (cont'd)

The Board takes cognisance of the recommendation on boardroom diversity published in the Code. In line with the Code, the Board through the Nomination Committee shall accord due consideration to gender diversity, age and ethnicity in addition to skills, competencies, knowledge, experience, commitment and integrity in relation to the appointment of prospective Board members.

### iv. Nomination and appointment of Directors

The members of the Board are appointed in a formal and transparent manner as endorsed by the Code. The Nomination Committee scrutinises the candidates and where suitable, recommends the same for the Board's approval. In discharging this duty, the Nomination Committee will assess the suitability of an individual by taking into account the gender diversity and the individual's mix of skill, knowledge, expertise, experience, competencies, integrity and/or other commitments that the candidate will bring to complement the Board. No new Board member was appointed during the year.

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

### v. Re-election of Directors

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

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

Directors over seventy (70) years of age are also required to submit themselves for annual re-appointment in accordance with Section 129(6) of the Companies Act, 1965. Presently, none of the Board members are over seventy (70) years in age.

### vi. Independent Non-Executive Directors

The presence of three (3) Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent. Also, the interests of other parties such as minority shareholders are fully addressed and accorded due consideration as well as are adequately protected.

The Board had conducted an evaluation of the level of independence of the Independent Non-Executive Directors of the Company who served during the financial year ended 30 June 2016. The Board is satisfied with the level of independence demonstrated by them and their ability to act in the best interests of the Company and/or the Group.

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

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

## Corporate Governance Statement (cont'd)

As recommended by the Nomination Committee of the Company, the Board has proposed to seek shareholders' approval at the forthcoming AGM to retain Dato' Sulaiman Bin Mohd Yusof and Mr. N Chanthiran A/L Nagappan as Independent Non-Executive Directors of the Company. Both Dato' Sulaiman and Mr. Chanthiran (who would have served as Independent Non-Executive Directors of the Company for a cumulative term of nine (9) years on 9 January 2017) are proposed to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

- a. They have fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities and therefore would be able to function as a check and balance and bring an element of objectivity to the Board.
- b. They have vast experience in respective industries which could provide the Board with a diverse set of experience, expertise and independent judgment.
- c. They have devoted sufficient time and attention to their responsibilities as Independent Directors of the Company.
- d. They understand the main drivers of the Group's business in a detailed manner.
- e. They have actively participated in Board discussions and served as effective Board members.
- f. They have exercised due care during their tenure as Independent Directors of the Company and have carried out their duties in the best interests of the Company and of the shareholders of the Company.

The proposed resolutions, if passed by the shareholders of the Company at the forthcoming AGM, would allow Dato' Sulaiman Bin Mohd Yusof to continue to serve as Chairman of the Audit Committee and Remuneration Committee and as member of the Nomination Committee. Mr. N Chanthiran A/L Nagappan would also be allowed to continue to serve as Chairman of the Nomination Committee and as member of the Audit Committee.

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

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

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

### ix. Board responsibilities

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

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

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

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



## Corporate Governance Statement (cont'd)

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

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

## B. BOARD COMMITTEES

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

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

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

### i. Audit Committee

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

The members of the Audit Committee and the works carried out during the financial year ended 30 June 2016 are set forth in the Audit Committee Report in this Annual Report.

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

### ii. Nomination Committee

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

Name of Nomination Committee members	Designation
N Chanthiran A/L Nagappan, Chairman (appointed on 23 August 2016)	Independent Non-Executive Director
Dato' Nik Mod Amin bin Nik Abd Majid, Member	Independent Non-Executive Chairman
Dato' Sulaiman bin Mohd Yusof, Member (appointed on 23 August 2016)	Independent Non-Executive Director
Datuk Syed Hussian bin Syed Junid, Chairman (resigned on 25 May 2016)	Senior Independent Non-Executive Director
Roslan bin Mohd Latif, Member (resigned on 1 June 2016)	Independent Non-Executive Director

## Corporate Governance Statement (cont'd)

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

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

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

- aa. Carried out the assessment and rating of the performance of each Non-Executive Director against the criteria as set out in the annual assessment form, amongst others, attendance at Board or Committee meetings, adequate preparation for Board and/or Committee meetings, regular contribution to Board or Committee meetings, personal input to the role and other contributions to the Board or Committees as a whole.
- bb. Carried out the assessment and rating of the performance of the MD/GCEO against diverse key performance indicators, amongst others, financial, strategic, operations management and business plans, product development, conformance and compliance, shareholders'/investors' relations, employee training and development, succession planning and personal input to the role.
- cc. Assessed and evaluated the independence of the Independent Directors.
- dd. Identified and recommended to the Board the re-election of Dato' Nik Mod Amin bin Nik Mohd Majid and Encik Roslan bin Mohd Latif as Directors in the last AGM held on 23 November 2015.

### iii. Remuneration Committee

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

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

The members of the Remuneration Committee are as follows:-

Name of Remuneration Committee members	Designation
Dato' Sulaiman bin Mohd Yusof, Chairman (re-designated from Member on 23 August 2016)	Independent Non-Executive Director
Dato' Nik Mod Amin bin Nik Abd Majid, Member	Independent Non-Executive Chairman
Dato' Ahmad Kabeer bin Mohamed Nagoor, Member (appointed on 23 August 2016)	MD/GCEO
Datuk Syed Hussian bin Syed Junid, Chairman (resigned on 25 May 2016)	Senior Independent Non-Executive Director

## Corporate Governance Statement (cont'd)

### iv. ESOS Committee

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

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

The members of the ESOS Committee are as follows:-

Name of ESOS Committee members	Designation
Dato' Ahmad Kabeer bin Mohamed Nagoor, Chairman	MD/GCEO
N Chanthiran A/L Nagappan, Member	Independent Non-Executive Director
Tevanaigam Randy Chitty, Member	Chief Financial Officer

## C. BOARD PROCESSES

### i. Board meetings

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

Name of Directors	Attendance
Dato' Nik Mod Amin bin Nik Abd Majid	3/5
Dato' Ahmad Kabeer bin Mohamed Nagoor	5/5
Dato' Sulaiman bin Mohd Yusof	5/5
N Chanthiran A/L Nagappan	5/5
Datuk Syed Hussian bin Syed Junid (resigned on 25 May 2016)	4/5
Roslan bin Mohd Latif (resigned on 1 June 2016)	4/5

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

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

## Corporate Governance Statement

(cont'd)

### ii. Directors' Training

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

During the financial year ended 30 June 2016, all Directors of the Company have attended the following in-house training sessions conducted by the External Auditors and Company Secretaries of the Company:

- (aa) Developments in Auditors' Reporting Landscape; and
- (bb) An Overview of the recent amendments to the Main Market Listing Requirements of Bursa Securities Malaysia Berhad.

### iii. Directors' Remuneration

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

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

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

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

#### The Company

Directors	Fees (RM)	Salaries & Benefits in Kind (RM)	Bonuses (RM)	Total (RM)
Executive Director	–	–	–	–
Non-Executive Directors	166,000	6,500	–	172,500
<b>TOTAL</b>	<b>166,000</b>	<b>6,500</b>	<b>–</b>	<b>172,500</b>

Range of remuneration	Executive	Non-Executive
Up to RM50,000	–	4
RM50,001 to RM100,000	–	1

## Corporate Governance Statement

(cont'd)

### The Group

Directors	Fees (RM)	Salaries & Benefits in Kind (RM)	Bonuses (RM)	Total (RM)
Executive Director	–	1,921,586	1,800,000	3,721,586
Non-Executive Directors	686,000	10,000	–	696,000
<b>TOTAL</b>	<b>686,000</b>	<b>1,931,586</b>	<b>1,800,000</b>	<b>4,417,586</b>

Range of remuneration	Executive	Non-Executive
Up to 50,000	–	2
RM50,001 to RM100,000	–	1
RM100,001 to RM150,000	–	1
RM400,001 to RM450,000	–	1
RM3,700,001 to RM3,750,000	1	–

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

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

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

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

#### v. Investor relations and shareholders communication

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

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

## Corporate Governance Statement (cont'd)

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

All resolutions set out in the Notice of the AGM were put to vote by show of hand. In future, the Company shall put to vote the resolutions at the AGM by poll. A summary of the key matters discussed at the AGM will be published on the Company's website for the shareholders' information.

### D. ACCOUNTABILITY AND AUDIT

#### i. Financial reporting

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

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

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

#### ii. Internal control and risk management

The Board also takes cognisance 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.

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

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

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

#### iii. Relationship with Auditors

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



## Corporate Governance Statement (cont'd)

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

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

### iv. Corporate Disclosure Policy

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

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

## E. COMPANY SECRETARIES

The Board appoints the Company Secretaries, who play an important advisory role, and ensures that the Company Secretaries fulfil the functions for which they have been appointed.

The Company Secretaries a central source of information, they provide advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

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

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

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

## Corporate Governance Statement (cont'd)

In preparing the financial statements for the financial year ended 30 June 2016, the Directors have taken steps to ensure that:

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

The Directors are responsible for ensuring that the Company maintains proper accounting records in compliance with the Companies Act, 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.

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

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

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

This statement is made in accordance with the resolution of the Board dated 20 October 2016.

# Audit Committee Report

## A. OBJECTIVES

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

The current members of the Committee are as follows:

Member	Designation
Dato’ Sulaiman bin Mohd Yusof, Chairman	Independent Non-Executive Director
Dato’ Nik Mod Amin bin Abd Majid, Member	Independent Non-Executive Chairman
N Chanthiran A/L Nagappan, Member	Independent Non-Executive Director

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

The Terms of Reference of the Audit Committee can be accessed from the corporate website of the Company at <http://awc.irplc.com/investor-relations/pdf/torac.pdf>

## B. SUMMARY OF WORKS DURING THE FINANCIAL YEAR

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

Committee Members	Attendance
Dato’ Sulaiman bin Mohd Yusof, Chairman	5/5
N Chanthiran A/L Nagappan	5/5
Dato’ Nik Mod Amin bin Nik Abd Majid (Appointed on 23 August 2016)	–
Roslan bin Mohd Latif (Resigned on 1 June 2016)	4/5

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

The summary of the works undertaken by the Committee during the financial year ended 30 June 2016, amongst others, included the following:-

- In overseeing the Company’s financial reporting, reviewed the four (4) quarterly financial results and annual audited financial statements of the Group and the Company including the announcements pertaining thereto. Discussion focused particularly on any change in accounting policies and practices, significant adjustments arising from the audit and compliance with accounting standards and other legal requirements before recommending to the Board for approval and release of the announcements to Bursa Securities.

## Audit Committee Report (cont'd)

- ii. Reviewed with the External Auditors, the audit plan and scope of the statutory audit of the Company's financial statements for the financial year ended 30 June 2016 before the audit commenced to ensure that the scope of the external audit is comprehensive.
- iii. Reviewed with the External Auditors, the annual audited financial statements of the Company and the Group and issues arising from the audit of the financial statements highlighted in the External Auditors' management letter and the management's responses thereon.
- iv. Considered and recommended the re-appointment of Messrs. Morison Anuarul Azizan Chew as the External Auditors and their audit fee to the Board for consideration based on the competency, efficiency and transparency as demonstrated by the External Auditors during their audit.
- v. Reviewed with the Internal Auditors, the internal audit plan to ensure the adequacy of the scope, functions and resources and that it has the necessary authority to carry out its work.
- vi. Reviewed the reports for the internal audit function and considered the findings of internal audit investigations and management responses thereon, and ensure that appropriate actions are taken on the recommendations raised by the Internal Auditors.
- vii. Reviewed if there were any related party transactions and/or recurrent related party transactions that transpired within the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms.
- viii. Reviewed the Corporate Governance Statement, Audit Committee Report and Statement on Risk Management and Internal Control to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval for inclusion in the Company's Annual Report.

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

#### i. Appointment

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

#### ii. IA Activities

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

##### a. IA Plan for the Group

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

##### b. Regular IA Reports

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

## Audit Committee Report

(cont'd)

c. Follow-up Reports

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

iii. **Total costs incurred for the financial year**

The total costs incurred for the IA function of the Group for the financial year ended 30 June 2016 was RM100,289.

iv. **Review of IA Function**

For the financial year ended 30 June 2016, the Audit Committee noted that the IA function is independent and Sterling has performed their audit assignments with impartiality, proficiency and due professional care.



# Statement On Risk Management And Internal Control

## INTRODUCTION

The Board of Directors (“the Board”) of AWC Berhad (“the Company”) is pleased to provide the following Statement on Risk Management and Internal Control of AWC Berhad and its subsidiaries (“the Group”) for the financial year ended 30 June 2016. This has been prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”), Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) and “Statement on Internal Control and Risk Management: Guidelines for Directors of Listed Issuers”.

## THE BOARD’S RESPONSIBILITIES

The Board acknowledges its overall responsibility for the Group’s system of risk management and internal control, and for reviewing its adequacy and effectiveness. The risk management system is designed to manage the Group’s risks within an acceptable risk profile, rather than to eliminate the risks that are inherent in the Group’s activities.

The Board recognises the importance of internal audit to establish and maintain a sound system of internal control. In view of the limitations that are inherent in any system of internal control, it can only provide reasonable but not absolute assurance against material misstatement of financial information, loss or fraud. The Board regularly receives and reviews reports on internal control, and is of the view that the current system of internal control is adequate to safeguard shareholders’ interests and the Group’s assets.

The role of the Management is to implement the Board’s policies and guidelines on risks and controls, to identify and evaluate the risks faced, and to operate a suitable system of internal controls to manage these risks. The Board has received assurances from the Managing Director/Group Chief Executive Officer (“MD/GCEO”) and the Chief Financial Officer (“CFO”) that the Group’s system of Risk Management and Internal Control is operating adequately and effectively throughout the financial year under review.

## RISK MANAGEMENT

The Board recognizes that risk management is an integral part of the Group’s business operations and has put in place the Risk Management Framework within the Group as an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives.

Risk Profile consists of principal business risks which are identified and documented in the Registry of Risks. The Registry of Risks identifies the risk factors, respective risk owners, the impact and likelihood of occurrence, and risk control actions.

The risk identification process involving reviewing and identifying the possible risk exposure arising from changes of both the external business environment and internal operating conditions. The risk measurement guidelines consist of financial and non-financial qualitative measures of risk consequences based on the risk likelihood rating and risk impact rating. The risk control actions are prioritized and implemented as per the risk control actions assigned to the respective risk owners.

The Board of Directors is of the view that there is currently an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives in their daily activities throughout the financial year and up to the date of approval of the Annual Report.

## Statement On Risk Management And Internal Control (cont'd)

### THE INTERNAL AUDIT FUNCTION

The Audit Committee in its efforts to provide adequate and effective internal control had appointed an independent consulting firm, Sterling Business Alignment Consulting Sdn Bhd (“Sterling” or “IA”) to review the adequacy and integrity of its system of internal control. Sterling acts as the internal auditors and reports directly to the Audit Committee during the Audit Committee Meetings, which are held quarterly. The Audit Committee is chaired by an Independent Non-Executive Director, and its members comprises of two other Independent Non-Executive Directors.

The Audit Committee reviews and approves the Internal Audit Plan which addresses the critical business processes of the Group. On a quarterly basis, the internal auditors report to the Audit Committee on areas for possible improvement, and Management’s response to such recommendations. Follow-up audits are also carried out and the outcome reported to the Audit Committee to ensure internal control gaps, effectiveness and adequacy of the existing state of internal control and recommends possible improvements to the internal control process have been or are being addressed.

During the financial year, the internal audit function reviewed the adequacy and the integrity of the Group’s internal control system and management information system of the key functions including system for compliance with applicable laws, regulations, rules and guidelines. For the financial year ended 30 June 2016, four (4) follow up reviews and four (4) internal audit reviews had been carried out by Sterling: -

Audit Period	Reporting Month	Name of Entity Audited	Scope of audit
1st Quarter (July 2015 – Sept 2015)	Nov 2015	<u>Engineering Division</u>  M & C Engineering and Trading Sdn Bhd (“MCM”)	<ul style="list-style-type: none"> <li>Finance.</li> <li>Inventory Management.</li> <li>Procurement.</li> <li>Administration.</li> <li>Review of Risk Registry prepared by the Management.</li> </ul> <p>Follow-up actions on previously reported audit findings:-</p> <ul style="list-style-type: none"> <li>IA reported in August 2015 on Procurement and Contract functions – Ambang Wira Sdn Bhd (“AWSB”) and AW Facility Management Sdn Bhd (“AWFM”)</li> <li>IA reported in May 2015 on Operations – Hospital Rehabilitasi Cheras for AWSB.</li> <li>IA reported in February 2015 on Project Management – Stream Environment (S) Pte Ltd (“SESPL”)</li> <li>IA reported in November 2014 on Sales and Marketing and Costing – SESPL</li> <li>IA reported in August 2014 on Procurement and Finance – Stream Environment Sdn Bhd (“SESB”).</li> </ul>

## Statement On Risk Management And Internal Control (cont'd)

Audit Period	Reporting Month	Name of Entity Audited	Scope of audit
2nd Quarter (Oct 2015 – Dec 2015)	Feb 2016	<u>Environment Division</u>  SESB	<ul style="list-style-type: none"> <li>Project Management.</li> </ul> <p>Follow-up actions on previously reported audited findings:-</p> <ul style="list-style-type: none"> <li>IA reported in February 2015 on Project Management – SESPL</li> <li>IA reported in November 2014 on Sales and Marketing and Costing – SESPL</li> <li>IA reported in August 2014 on Procurement and Finance – SESB.</li> </ul>
3rd Quarter (Jan 2016 – March 2016)	May 2016	<u>Facilities Division</u>  AWSB	<ul style="list-style-type: none"> <li>Operation (Non Concession Contract Management).</li> </ul> <p>Follow-up actions on previously reported audited findings:-</p> <ul style="list-style-type: none"> <li>IA reported in February 2016 on Project Management – SESB.</li> <li>IA reported in November 2015 on Finance, Inventory, Procurement and Administration – MCM.</li> <li>IA reported in August 2015 on Procurement and Contract functions – AWSB and AWF.</li> <li>IA reported in February 2015 on Project Management – SESPL</li> <li>IA reported in November 2014 on Sales and Marketing and Costing – SESPL</li> <li>IA reported in August 2014 on Procurement and Finance – SESB.</li> </ul>
4th Quarter (Apr 2016 – June 2016)	Aug 2016	<u>Facilities Division</u>  AWSB	<ul style="list-style-type: none"> <li>Operation (Non Concession Contract Management).</li> </ul> <p>Follow-up actions on previously reported audited findings:-</p> <ul style="list-style-type: none"> <li>IA reported in February 2016 on Project Management – SESB.</li> <li>IA reported in November 2015 on Finance, Inventory, Procurement and Administration – MCM.</li> <li>IA reported in August 2015 on Procurement and Contract functions – AWSB and AWF.</li> <li>IA reported in February 2015 on Project Management – SESPL</li> <li>IA reported in November 2014 on Sales and Marketing and Costing – SESPL</li> <li>IA reported in August 2014 on Procurement and Finance – SESB.</li> </ul>

## Statement On Risk Management And Internal Control (cont'd)

### INTERNAL CONTROL SYSTEM

During the financial year, the Group has put in place the following key elements of internal controls:

- An organisational structure with well-defined scopes of responsibility, clear lines of accountability, appropriate segregation of duties and levels of delegated authority;
- A set of documented internal policies and procedures, which is subject to regular review and improvement by management;
- Budgets for the financial year are reviewed on a yearly basis and major variances are followed up, if any, and remedial actions are taken where necessary;
- Regular and comprehensive information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- Report by the Management to the Board on significant operational matters and other issues that affect the Group;
- Regular visits to operating units by the MD/GCEO, respective subsidiary's Managing Directors', the CFO and senior management;
- The internal audit function carries out quarterly risk based internal audits to ascertain the adequacy of and to monitor the effectiveness of operational and financial procedures; and
- During the Audit Committee and Board meetings, quarterly results, annual financial statements, related party transactions and updates on business development are reviewed, and key risks highlighted by the management are deliberated upon.

The Board is of the view that there was no significant breakdown or weaknesses in the system of internal controls of the Group that resulted in material losses to the Group for the financial year ended 30 June 2016.

### ASSURANCE TO THE BOARD

The Board had received assurance from the MD/GCEO and CFO that the Group's risk management framework and internal controls are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

### REVIEW OF THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL ("STATEMENT") BY EXTERNAL AUDITORS

The Audit Committee has assessed the suitability of the External Auditors and has obtained written assurance from the External Auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The external auditors have reviewed this Statement for inclusion in the Annual Report for the Financial Year Ended 30 June 2016.

The external auditors have reported to the Board that nothing had come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes the Board has adopted in the review of the adequacy and integrity of the risk management and internal control functions of the Group.

### CONCLUSION

The Board remains committed towards maintaining a sound system of internal control and risk management to achieve a balance between the Group's business objectives and operational efficiency. The Board is of the view that there were no material losses incurred during the financial year ended 30 June 2016 as a result of weaknesses in internal control that would require separate disclosure in the Group's Annual Report.

The Board continually evaluates and takes measures to strengthen the internal control systems. This statement is made in accordance with the resolution of the Board of Directors dated 20 October 2016.

## 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. Audit and Non-audit fees

The amount of audit and non-audit fees paid/ payable to the External Auditors by the Company and the Group for the financial year ended 30 June 2016 are as follows:-

	Company RM	Group RM
Audit Fee	43,000	303,413
Non - Audit Fee	8,000	8,000

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

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

### 4. Recurrent related party transactions

The list of recurrent related party transactions of a revenue or trading nature entered into by the Group is disclosed in Note 37 to the financial statements. For the financial year ended 30 June 2016, no shareholder mandate was required for the recurrent related party transactions of a revenue or trading nature entered into by the Group pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

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

The aggregate maximum allocation of ESOS to Directors and Senior Management of the Group shall not exceed 70% of the total number of new ordinary shares of RM0.30 each in AWC Berhad to be issued under ESOS. The actual allocation of ESOS to them during the financial year ended 30 June 2016, since the commencement of the ESOS, is 55%.

Details of the ESOS of the Company during the financial year ended 30 June 2016 are as follows:-

	Employees and Directors	Directors
Total number of options granted at exercise price of - 33.6 sen - 42.3 sen	23,129,100 5,709,000	4,700,000 -
Total number of options exercised - 33.6 sen - 42.3 sen	1,771,400 367,930	360,000 -
Total number of options lapsed	-	-
Total number of options outstanding	26,698,770	4,340,000



## Additional Compliance Information

(cont'd)

Options granted to Non-Executive Directors of the Company during the financial year ended 30 June 2016 are as follows:-

Non-Executive Director	Amount of options granted	Amount of Options Exercised
Dato' Nik Mod Amin bin Nik Abd Majid	500,000	–
Dato' Sulaiman bin Mohd Yusof	300,000	–
N Chanthiran A/L Nagappan	300,000	–
Datuk Syed Hussian bin Syed Junid (resigned on 25 May 2016)	300,000	60,000
Roslan bin Mohd Latif (resigned on 1 June 2016)	300,000	300,000

# Financial Statements

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# Directors' Report

The Directors have pleasure submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2016.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

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

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

## FINANCIAL RESULT

	Group RM	Company RM
Net profit for the financial year	23,595,044	22,259,200
Attributable to:		
Owners of the Company	17,126,656	22,259,200
Non-controlling interests	6,468,388	–
	23,595,044	22,259,200

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

## DIVIDENDS

The amounts of dividends paid by the Company since 30 June 2015 were as follows:

**RM**

In respect of the financial year ended 30 June 2016:

Single tier special dividend of 1.5 sen on 257,571,252 ordinary shares, declared on 20 June 2016 and paid on 1 July 2016	3,863,558
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At the forthcoming Annual General Meeting, a final single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2016 will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2017.

## Directors' Report (cont'd)

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year under review.

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM68,603,769 to RM78,442,936 by way of the issuance of:

- (a) 30,657,895 new ordinary shares of RM0.30 each pursuant to the acquisition of new subsidiaries at an issue price of RM0.38 per ordinary share;
- (b) 1,771,400 and 367,930 new ordinary shares of RM0.30 each for cash pursuant to the Company's Employees' Share Option Scheme (ESOS) at exercise price of RM0.336 per ordinary share and RM0.423 per ordinary share respectively.

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

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

### OPTIONS GRANTED OVER UNISSUED SHARES

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

### TREASURY SHARES

As at 30 June 2016, the Company held as treasury shares a total of 3,326,800 (2015: 3,326,800) of its 261,476,452 (2015: 228,679,227) issued ordinary shares. Such treasury shares are held at a carrying amount of RM855,221 (2015: RM855,221) and further relevant details are disclosed in Note 24(b) to the financial statements.

### 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	
Dato' Sulaiman bin Mohd Yusof	
N Chanthiran A/L Nagappan	
Datuk Syed Hussian bin Syed Junid	(Resigned on 25.05.2016)
Roslan bin Mohd Latif	(Resigned on 01.06.2016)

## Directors' Report

(cont'd)

### DIRECTORS' INTEREST

The interests of Directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:

	1.7.2015	No. of Ordinary Shares of RM0.30 Each		30.6.2016
		Acquired	Disposed	
<b>The Company</b>				
<b>Direct Interests:</b>				
Dato' Ahmad Kabeer bin Mohamed Nagoor	1,000,000	6,710,700	(700,000)	7,010,700
Dato' Sulaiman bin Mohd Yusof	100,000	–	–	100,000
N Chanthiran A/L Nagappan	92,000	–	–	92,000

#### Indirect Interest:

Dato' Ahmad Kabeer bin Mohamed Nagoor	79,449,652	–	–	79,449,652
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Dato' Ahmad Kabeer bin Mohamed Nagoor by virtue of his interest in shares of the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

The other Director holding office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

	1.7.2015	Number of Options over ordinary shares (ESOS) at		30.6.2016
		Exercise Price of RM0.336 Each		
		Granted	Exercised	
Dato' Nik Mod Amin bin Nik Abd Majid	–	500,000	–	500,000
Dato' Ahmad Kabeer bin Mohamed Nagoor	–	3,000,000	–	3,000,000
Dato' Sulaiman bin Mohd Yusof	–	300,000	–	300,000
N Chanthiran A/L Nagappan	–	300,000	–	300,000

### 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 any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 7 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 37 to the financial statements.



## Directors' Report (cont'd)

### OTHER STATUTORY INFORMATION

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
  - (iii) any amount stated in the financial statements of the Group and of the Company misleading; and
  - (iv) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) No contingent or other liabilities of the Group and of the Company have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due.
- (d) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.
- (e) In the opinion of the Directors:
  - (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## Directors' Report

(cont'd)

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

The Company implemented an ESOS on 31 March 2011. The ESOS was governed by the revised by-laws as approved by the shareholders at the Extraordinary General Meeting held on 19 March 2012. This ESOS was subsequently terminated on 27 August 2015. Subsequently, on 1 October 2015 the shareholders approved the launch of a new ESOS, the main features of which are as follows:

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

## Directors' Report

(cont'd)

During the financial year, options have been granted by the Company to the eligible Directors, senior management and employees of the Group. The top 30 employees granted options under the ESOS as at 30 June 2016 are as follows:

	<b>Number of Options over ordinary shares (ESOS)</b>			
	<b>1.7.2015</b>	<b>Granted</b>	<b>Exercised</b>	<b>30.6.2016</b>
Dato' Ahmad Kabeer bin Mohamed Nagoor	–	3,000,000	–	3,000,000
Tevanaigam Randy Chitty	–	750,000	–	750,000
Nik Adnan bin Nik Mohd Salleh	–	750,000	–	750,000
Khathir Sulaiman bin Abdullah	–	750,000	–	750,000
Dato' Nik Mod Amin bin Nik Abd Majid	–	500,000	–	500,000
Rohaya binti Mohd Shuaib	–	500,000	(100,000)	400,000
Koh Goh Kow	–	500,000	(100,000)	400,000
Gan Geok Soon	–	350,000	(70,000)	280,000
Sri Skanda Rajah A/L S. Ratnam	–	350,000	(70,000)	280,000
Dato' Sulaiman bin Mohd Yusof	–	300,000	–	300,000
N Chanthiran A/L Nagappan	–	300,000	–	300,000
Roslan bin Mohd Latif	–	300,000	(300,000)	–
Datuk Syed Hussian bin Syed Junid	–	300,000	(60,000)	240,000
Chan Choon Sen (Eric)	–	300,000	–	300,000
Wong Meow Choy	–	250,000	–	250,000
Tan Siew Kheng	–	245,000	(49,000)	196,000
Chee Kar Ming	–	245,000	(49,000)	196,000
Chea Thean Teik	–	210,000	(42,000)	168,000
Koh Kwee Fook	–	210,000	(42,000)	168,000
Tan Cheong Huat	–	210,000	–	210,000
Chang Leong Hao	–	210,000	(42,000)	168,000
Olivier Zuber	–	175,000	(35,000)	140,000
Ayad Mousa Ali Murad	–	170,000	(34,000)	136,000
Fauzi bin Che Mohamad	–	170,000	(34,000)	136,000
Mohammad Roslan bin Saad	–	170,000	–	170,000
Mohd Izam bin Baharon @ Baharom	–	160,000	(32,000)	128,000
Noor Azima binti Mahat	–	160,000	(32,000)	128,000
Subramanian A/L Yoganandam	–	160,000	(32,000)	128,000
Farid Emran bin Mohd Tajuddin	–	160,000	(32,000)	128,000
Tang Choon Sing	–	160,000	(32,000)	128,000

### AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 20 October 2016.

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

**Dato' Ahmad Kabeer bin Mohamed Nagoor**

## Statement by Directors

Pursuant To Section 169(15) Of The Companies Act 1965

We, Dato' Nik Mod Amin bin Nik Abd Majid and Dato' Ahmad Kabeer bin Mohamed Nagoor, being two of the Directors of AWC Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 14 to 102 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 at 30 June 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 42, 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 20 October 2016.

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

**Dato' Ahmad Kabeer bin Mohamed Nagoor**

## Statutory Declaration

Pursuant To Section 169(16) Of The Companies Act 1965

I, Tevanaigam Randy Chitty, being the officer primarily responsible for the financial management of AWC Berhad, do solemnly and sincerely declare that the financial statements set out on pages 14 to 102 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed  
Tevanaigam Randy Chitty  
at Kuala Lumpur in Federal Territory  
on 20 October 2016

**Tevanaigam Randy Chitty**

Before me,

Samsiah Binti Ali  
(No. W 589)

Commissioner for Oaths

# Independent Auditors' Report

## To The Members Of AWC Berhad

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of AWC Berhad, which comprise statements of financial position as at 30 June 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 14 to 102.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible 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 entity's preparation of 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 entity'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.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.



## Independent Auditors' Report

### To The Members Of AWC Berhad

(cont'd)

#### 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 requirements 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 14 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.

#### OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 42 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.

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

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

KUALA LUMPUR  
20 October 2016

# Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 30 June 2016

	Note	2016 RM	2015 RM
Revenue	4	248,531,773	128,017,235
Cost of sales		(170,205,879)	(87,091,509)
Gross profit		78,325,894	40,925,726
Other operating income		1,517,370	6,046,334
Other operating expenses		(50,035,126)	(34,276,563)
Profit from operations	5	29,808,138	12,695,497
Finance income, net	8	266,501	73,412
Share of result of jointly controlled entities		30,074,639	12,768,909
		–	55,372
Profit before taxation		30,074,639	12,824,281
Income tax expense	9	(6,449,595)	(1,108,617)
Zakat		(30,000)	–
Net profit after taxation and zakat for the financial year		23,595,044	11,715,664
Other comprehensive income:			
Foreign currency translation differences		2,238,924	2,853,537
Total comprehensive income for the financial year		25,833,968	14,569,201
Profit attributable to:			
Owners of the Company		17,126,656	8,081,947
Non-controlling interests		6,468,388	3,633,717
		23,595,044	11,715,664
Total comprehensive income attributable to:			
Owners of the Company		18,863,273	9,657,052
Non-controlling interests		6,970,695	4,912,149
		25,833,968	14,569,201
Basic earnings per share (sen)	10	6.9	3.6

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

# Consolidated Statement Of Financial Position

As At 30 June 2016

	Note	2016 RM	2015 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	9,952,507	8,160,851
Investment properties	12	2,778,200	2,848,101
Investment in jointly controlled entity	13	1,123,090	2,694,625
Other investments	15	1,661	1,661
Intangible assets - goodwill	16(i)	28,144,403	5,912,091
Intangible assets - deferred expenditure	16(ii)	2,564	7,688
Deferred tax assets	31	963,220	311,156
		42,965,645	19,936,173
<b>Current assets</b>			
Inventories	17	17,819,381	17,535,092
Trade receivables	18	112,546,294	56,841,185
Other receivables	19	14,542,884	2,662,793
Amount owing by jointly controlled entity	13	27,456	–
Amount owing by an associated company	22	324,792	–
Tax recoverable		2,092,532	2,455,816
Deposits with licensed banks, cash and bank balances	23	44,714,848	53,555,243
		192,068,187	133,050,129
<b>TOTAL ASSETS</b>		<b>235,033,832</b>	<b>152,986,302</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	24	78,442,936	68,603,769
Treasury shares	24(b)	(855,221)	(855,221)
Share premium	24(c)	10,211,109	7,649,452
Foreign exchange reserve	26	4,599,483	2,862,866
Statutory reserve	27	306,802	306,802
Revaluation reserve	28	2,928,133	2,928,133
Retained profits	29	23,364,610	10,101,512
<b>Equity attributable to owners of the Company</b>		<b>118,997,852</b>	<b>91,597,313</b>
<b>Non-controlling interests</b>		<b>28,807,880</b>	<b>25,365,185</b>
<b>Total equity</b>		<b>147,805,732</b>	<b>116,962,498</b>

## Consolidated Statement Of Financial Position

As At 30 June 2016  
(cont'd)

	Note	2016 RM	2015 RM
<b>Non-current liabilities</b>			
Other payables	33	2,682,030	2,500,719
Provision for end of service benefit		347,042	209,636
Long-term borrowings	30	628,141	337,551
Deferred tax liabilities	31	166,414	162,634
		3,823,627	3,210,540
<b>Current liabilities</b>			
Trade payables	32	45,676,878	20,722,134
Other payables	33	34,963,075	9,710,555
Provision for taxation		2,449,160	567,856
Short-term borrowings	30	315,360	1,812,719
		83,404,473	32,813,264
<b>TOTAL LIABILITIES</b>		87,228,100	36,023,804
<b>TOTAL EQUITY AND LIABILITIES</b>		235,033,832	152,986,302

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

# Consolidated Statement Of Changes In Equity

For The Financial Year Ended 30 June 2016

	Non-distributable				Distributable				Non-Controlling Interests		Total Equity
	Share Capital	Treasury Shares	Share Premium	Share Exchange Reserve	Statutory Reserve	Revaluation reserve	Retained Profits	Total	RM	RM	RM
At 1 July 2014	68,603,769	(855,221)	7,649,452	1,287,761	306,802	-	2,019,565	79,012,128	27,779,826	106,791,954	
Profit for the financial year	-	-	-	-	-	-	8,081,947	8,081,947	3,633,717	11,715,664	
Other comprehensive income for the financial year	-	-	-	-	-	-	-	-	1,278,432	2,853,537	
- Foreign currency translation	-	-	-	1,575,105	-	-	-	1,575,105			
Total comprehensive income for the financial year	-	-	-	1,575,105	-	-	8,081,947	9,657,052	4,912,149	14,569,201	
- Revaluation reserve	-	-	-	-	-	2,928,133	-	2,928,133	-	2,928,133	
- Dividend	-	-	-	-	-	-	-	-	(7,350,000)	(7,350,000)	
- Disposal of a subsidiary company	-	-	-	-	-	-	-	-	23,210	23,210	
At 30 June 2015	68,603,769	(855,221)	7,649,452	2,862,866	306,802	2,928,133	10,101,512	91,597,313	25,365,185	116,962,498	

## Consolidated Statement Of Changes In Equity

### For The Financial Year Ended 30 June 2016

(cont'd)

	Non-distributable					Distributable					Non-Controlling Interests		Total Equity
	Share Capital	Treasury Shares	Share Premium	Share Exchange Reserve	Statutory Reserve	Revaluation reserve	Retained Profits	Total			RM	RM	RM
At 1 July 2015	68,603,769	(855,221)	7,649,452	2,862,866	306,802	2,928,133	10,101,512	91,597,313	25,365,185	116,962,498			
Profit for the financial year	-	-	-	-	-	-	17,126,656	17,126,656	6,468,388	23,595,044			
Other comprehensive income for the financial year	-	-	-	-	-	-	-	-	-	-			
- Foreign currency translation	-	-	-	1,736,617	-	-	-	1,736,617	502,307	2,238,924			
Total comprehensive income for the financial year	-	-	-	1,736,617	-	-	17,126,656	18,863,273	6,970,695	25,833,968			
- Shares issued for acquisition of subsidiaries	9,197,369	-	2,452,631	-	-	-	-	11,650,000	-	11,650,000			
- Dividend	-	-	-	-	-	-	(3,863,558)	(3,863,558)	(3,528,000)	(7,391,558)			
- Exercise of employee share options	641,798	-	109,026	-	-	-	-	750,824	-	750,824			
At 30 June 2016	78,442,936	(855,221)	10,211,109	4,599,483	306,802	2,928,133	23,364,610	118,997,852	28,807,880	147,805,732			

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



# Consolidated Statement Of Cash Flows

For The Financial Year Ended 30 June 2016

	2016 RM	2015 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	30,074,639	12,824,281
Adjustments for:		
Impairment losses on:		
- trade receivables	5,682,234	296,000
- other receivables	–	17,838
Amortisation of intangible assets – others	5,124	5,124
Bad debts recovered	(254,792)	–
Deposits written off	51,718	–
Depreciation of property, plant and equipment	1,784,412	1,444,004
Depreciation of investment properties	1,520	43,692
Fair value adjustment on investment in jointly controlled entities	1,571,535	–
Inventories written off	90,119	–
Impairment losses on slow moving inventories	73,142	118,245
Impairment losses on slow moving inventories no longer required	(332,793)	–
Property, plant and equipment written off	–	1,569
Impairment losses no longer required for:		
- trade receivables	(69,150)	(184,700)
- jointly controlled entities	–	(454,795)
Impairment losses on investment in jointly controlled entities no longer required	–	(2,639,253)
Provision for end of service benefit	133,069	70,665
Provision for retirement benefit obligation	327,264	46,426
Provision for short-term accumulating compensated absences	2,567	7,644
Gain on disposal of subsidiaries	–	(283,373)
Gain on disposal of investment properties	(51,619)	(182,430)
Net unrealised foreign exchange gain	–	(160,223)
Finance income, net	(266,501)	(296,591)
Net gain on disposal of property, plant and equipment	(59,576)	(206,855)
Operating profit before working capital changes	38,762,912	10,467,268
Increase in inventories	(114,758)	(6,349,504)
(Increase)/Decrease in receivables	(72,995,210)	7,278,615
Increase in payables	38,541,145	4,862,384
(Increase)/Decrease in amount owing by jointly controlled entity	(352,249)	1,401,030
Cash generated from operations	3,841,840	17,659,793
Payment for retirement benefit obligation	(145,954)	(29,315)
Taxes paid	(4,853,294)	(2,585,337)
Zakat paid	(30,000)	–
Net cash (used in)/generated from operating activities	(1,187,408)	15,045,141

## Consolidated Statement Of Cash Flows

### For The Financial Year Ended 30 June 2016

(cont'd)

	Note	2016 RM	2015 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Repayment from jointly controlled entity		–	1,846,909
Purchase of property, plant and equipment	34	(2,417,522)	(1,455,645)
Proceeds from disposal of investment properties		120,000	750,000
Proceeds from disposal of property, plant and equipment		59,572	150,072
Net cash outflow from acquisition of subsidiaries	14(a)	(3,504,278)	–
Net cash inflow from disposal of subsidiaries	14(b)	–	191,763
Finance income, net received		266,501	296,591
Net cash (used in)/generated from investing activities		(5,475,727)	1,779,690
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>			
Repayment of term loans		(1,206,769)	(451,460)
Repayment of hire purchase and lease payables		–	(405,830)
Proceed from exercise of employee share options		750,824	–
Dividends paid to non-controlling interests		(3,528,000)	(7,350,000)
Net cash used in financing activities		(3,983,945)	(8,207,290)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(10,647,080)	8,617,541
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>		53,555,243	43,362,597
Effects of exchange differences		1,806,685	1,575,105
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>		44,714,848	53,555,243
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>			
Deposits with licensed banks	23	12,523,829	11,995,280
Cash and bank balances	23	32,191,019	41,559,963
		44,714,848	53,555,243

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

# Statement Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 30 June 2016

	Note	2016 RM	2015 RM
Revenue	4	5,172,000	10,168,787
Cost of sales		–	–
Gross profit		5,172,000	10,168,787
Other operating income		19,496,613	–
Other operating expenses		(1,820,642)	(2,791,268)
Profit from operations	5	22,847,971	7,377,519
Finance income, net	8	86,569	66,975
Profit before taxation		22,934,540	7,444,494
Income tax expense	9	(645,340)	–
Zakat		(30,000)	–
Profit/Total comprehensive income for the financial year		22,259,200	7,444,494
Profit/Total comprehensive income attributable to:			
Owners of the Company		22,259,200	7,444,494

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

# Statement Of Financial Position

As At 30 June 2016

	Note	2016 RM	2015 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	58,550	86,506
Investments in subsidiaries	14	87,842,715	41,846,101
		87,901,265	41,932,607
<b>Current assets</b>			
Tax recoverable		85,247	274,580
Other receivables	19	101,200	38,983
Amount owing by subsidiary companies	21	870,683	669,180
Cash and bank balances	23	4,722,786	7,081,576
		5,779,916	8,064,319
<b>TOTAL ASSETS</b>		<b>93,681,181</b>	<b>49,996,926</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	24	78,442,936	68,603,769
Treasury shares	24(b)	(855,221)	(855,221)
Share premium	24(c)	10,211,109	7,649,452
Merger relief	25	12,522,542	12,522,542
Accumulated losses	29	(20,362,242)	(38,757,884)
<b>Total equity</b>		<b>79,959,124</b>	<b>49,162,658</b>
<b>Current liabilities</b>			
Other payables	33	12,406,357	834,268
Amount owing to subsidiary companies	21	1,315,700	–
<b>TOTAL LIABILITIES</b>		<b>13,722,057</b>	<b>834,268</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>93,681,181</b>	<b>49,996,926</b>

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

# Statement Of Changes In Equity

For The Financial Year Ended 30 June 2016

	Share Capital RM	Non-distributable		Merger Relief RM	Distributable (Accumulated Losses) RM	Total RM
		Treasury Shares RM	Share Premium RM			
At 1 July 2014	68,603,769	(855,221)	7,649,452	12,522,542	(46,202,378)	41,718,164
Profit/Total comprehensive income for the financial year	-	-	-	-	7,444,494	7,444,494
At 30 June 2015	68,603,769	(855,221)	7,649,452	12,522,542	(38,757,884)	49,162,658
At 1 July 2015	68,603,769	(855,221)	7,649,452	12,522,542	(38,757,884)	49,162,658
Profit/Total comprehensive income for the financial year	-	-	-	-	22,259,200	22,259,200
- Shares issued for acquisition of subsidiaries	9,197,369	-	2,452,631	-	-	11,650,000
- Dividend	-	-	-	-	(3,863,558)	(3,863,558)
- Exercise of employee share options	641,798	-	109,026	-	-	750,824
At 30 June 2016	78,442,936	(855,221)	10,211,109	12,522,542	(20,362,242)	79,959,124

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

# Statement Of Cash Flows

For The Financial Year Ended 30 June 2016

	Note	2016 RM	2015 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		22,934,540	7,444,494
Adjustments for:			
Depreciation of property, plant and equipment		30,963	35,295
Interest expense		252	748
Gain on disposal of a subsidiary company		–	(180,587)
Impairment losses on investment in subsidiaries		802,332	–
Impairment losses on investment in subsidiaries no longer required		(20,298,946)	–
Interest income		(86,821)	(67,723)
Operating profit before working capital changes		3,382,320	7,232,227
Increase in receivables		(179,524)	(8,694)
Decrease in payables		(64,921)	(680,815)
Cash generated from operations		3,137,875	6,542,718
Interest paid		(252)	(748)
Income tax paid		(365,247)	(208,472)
Zakat paid		(30,000)	–
Net cash generated from operating activities		2,742,376	6,333,498
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Advances from subsidiaries		1,114,196	–
Acquisition of new subsidiaries		(7,050,000)	–
Purchase of property, plant and equipment	34	(3,007)	(49,246)
Proceeds from disposal of investments in subsidiaries		–	260,400
Interest received		86,821	67,723
Net cash (used in)/generated from investing activities		(5,851,990)	278,877
<b>CASH FLOWS FOR FINANCING ACTIVITY</b>			
Proceeds from exercise of employee share options		750,824	–
Net cash generated from financing activity		750,824	–
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES		(2,358,790)	6,612,375
CASH AND BANK BALANCES AT BEGINNING OF FINANCIAL YEAR		7,081,576	469,201
CASH AND BANK BALANCES AT END OF FINANCIAL YEAR		4,722,786	7,081,576

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



# Notes To The Financial Statements

## 1. CORPORATE INFORMATION

The principal activity of the Company is investment holding.

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

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

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

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

The financial statements of the Group and of the Company for the financial year ended 30 June 2016 were authorised for issue in accordance with a resolution of the Board of Directors dated 20 October 2016.

## 2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 1965, in Malaysia.

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

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

Amendments to accounting standards that are effective for the Company's financial year beginning on or after 1 July 2015 are as follows:

- Amendments to MFRS 1, "First-time Adoption of Malaysian Financial Reporting Standards" (Annual Improvements 2011-2013 Cycle)
- Amendments to MFRS 2, "Share-based Payment" (Annual-Improvements 2010-2012 Cycle)
- Amendments to MFRS 3, "Business Combinations" (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 8, "Operating Segments" (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 13, "Fair Value Measurement" (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 116, "Property, Plant and Equipment" and MFRS 138, "Intangible Assets" (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 119, "Defined Benefit Plans Employee Contribution"
- Amendments to MFRS 124, "Related Party Disclosures" (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 140, "Investment Property" (Annual Improvements 2011-2013 Cycle)

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

## Notes To The Financial Statements

(cont'd)

### 2. BASIS OF PREPARATION (CONTINUED)

Accounting standards and amendments to accounting standards that are applicable for the Company in the following periods but are not yet effective:

#### ***Annual periods beginning on/after 1 January 2016***

##### Amendments to MFRS 5 Non Current Assets Held for Sale and Discontinued Operations

The Amendments introduce specific guidance in MFRS 5 for when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vice versa), or when held-for-distribution is discontinued.

##### Amendments to MFRS 7 Financial Instruments: Disclosures

The Amendments provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7. The Amendments also clarify the applicability of Amendments to MFRS 7, Disclosure—Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements

##### Amendments to MFRS 11 Joint Arrangements

These Amendments clarify that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/liabilities and recognition of acquisition-related costs as expenses.

##### Amendments to MFRS 101 Presentation of Financial Statements

The Amendments aim to improve the effectiveness of disclosures and are designed to encourage companies to apply professional judgement in determining the information (including where and in what order) to be disclosed in the financial statements.

##### Amendments to MFRS 116 Property, plant and equipment

These Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not, as a matter of principle, reflect the way in which an item of property, plant and equipment is used or consumed.

##### Amendments to MFRS 119 Employee Benefits

The Amendment clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. The Amendment also clarifies that the depth of the market for high quality corporate bonds should be assessed at a currency level.

##### Amendments to MFRS 127 Separate Financial Statements

The Amendments allow a parent and investors to use the equity method in its separate financial statement to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

## Notes To The Financial Statements

(cont'd)

### 2. BASIS OF PREPARATION (CONTINUED)

#### *Annual periods beginning on/after 1 January 2016 (continued)*

##### Amendments to MFRS 134 Interim Financial Reporting

The Amendment clarifies the meaning of disclosure of information 'elsewhere in the interim financial report' as used in MFRS 134. The Amendment requires such disclosures to be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

##### Amendments to MFRS 138 Intangible assets

These Amendments to MFRS 138 introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate. This presumption can be overcome only in the limited circumstances:

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

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

##### Amendments to MFRS 107 Statement of Cash Flows

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

##### Amendments to MFRS 112 Income Taxes

The Amendments clarify that decreases in value of a debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this. An example is when an entity holds a fixed-rate debt instrument (measured at fair value) and expects to collect all the contractual cash flows.

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

## Notes To The Financial Statements

(cont'd)

### 2. BASIS OF PREPARATION (CONTINUED)

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

##### Amendments to MFRS 2 Share-based Payment

The Amendments provides specific guidance on how to account for the following situations:

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

##### MFRS 9 Financial Instruments

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

Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. The Standard introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements.

If a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost.

In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the balance sheet, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the balance sheet.

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

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

## Notes To The Financial Statements

(cont'd)

### 2. BASIS OF PREPARATION (CONTINUED)

#### ***Annual periods beginning on/after 1 January 2018 (continued)***

##### MFRS 15 Revenue from Contracts with Customers

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

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

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

##### MFRS 16 Leases

The Standard eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its balance sheet as recording certain leases as off-balance sheet leases will no longer be allowed except for some limited practical exemptions.

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

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

The amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The Company is in the process of assessing the impact of MFRS 9 and MFRS 15 in the year of initial application. Aside from the above mentioned, the adoption of the accounting standards and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Company.

Accounting standards and amendments to accounting standards that are not relevant and not yet effective for the Company are as follows:

- Amendments to MFRS 10, MFRS 12 and MFRS 128, "Investment Entities: Applying the Consolidation Exception"
- MFRS 14, "Regulatory Deferral Accounts"
- Amendments to MFRS 116 and MFRS 141, "Agriculture: Bearer Plants"

## Notes To The Financial Statements

(cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

#### (i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the 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 2016 amounted to RM28,144,403 (2015: RM5,912,091). Further details are disclosed in Note 16(i) to the financial statements.

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

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

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

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

#### (iv) Income taxes

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



## Notes To The Financial Statements

### (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### (v) Deferred tax assets

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

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

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

##### (vii) Impairment of financial assets

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

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

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

#### (b) Functional and presentation currency

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

#### (c) Basis of consolidation

##### (i) Subsidiaries

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

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

## Notes To The Financial Statements

(cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### (i) Subsidiaries (continued)

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

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

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

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

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

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

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

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

##### (ii) Joint arrangements

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

## Notes To The Financial Statements

(cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation (continued)

(ii) Joint arrangements

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

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

In relation to the Group's interest in the joint operation, the Group recognises its assets plus its share of any assets held jointly, liabilities plus its share of any liabilities incurred jointly, revenue from the sale of its share of the output arising from the joint operation plus share of the revenue from the sale of the output by the joint operation and expenses plus its share of any expenses incurred jointly.

(d) Investments in subsidiaries

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

(e) Goodwill

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

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

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

## Notes To The Financial Statements

(cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### (i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

##### (ii) Depreciation

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

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

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

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

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

#### (g) Investment properties

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

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

## Notes To The Financial Statements

### (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (g) Investment properties (continued)

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

#### (h) Construction contracts

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

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

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

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

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

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

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

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

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

## Notes To The Financial Statements

(cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (j) Cash and cash equivalents

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

#### (k) Financial assets

##### (i) Classification

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

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

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

##### Loans and receivables

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

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

##### Held-to-maturity financial assets

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

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

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

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

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



## Notes To The Financial Statements

(cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (k) Financial assets (continued)

##### (ii) Recognition and initial measurement

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

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

##### (iii) Subsequent measurement

###### Gains and losses

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

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

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

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

###### Impairment of financial assets

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

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

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

## Notes To The Financial Statements

(cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (k) Financial assets (continued)

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

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

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

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

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

##### (iv) De-recognition

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

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

#### (l) Financial liabilities

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

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

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

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

#### (m) Offsetting financial instruments

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

## Notes To The Financial Statements

(cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Inventories

Inventories consist of consumables, trading and installation goods.

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

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

(o) Equity instruments

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

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

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

(p) Provisions for liabilities

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

(q) Leases as lessee

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

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

## Notes To The Financial Statements

(cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Contingent assets and contingent liabilities

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

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

(s) Associates

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

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

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

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

(t) Borrowing costs

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

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

## Notes To The Financial Statements

(cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition

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

Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 3(h).

Sale of goods

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

Revenue from services

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

Rental income

Rental income is accounted for on an accrual basis.

Dividend income

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

Interest income

Interest income is accounted for on an accrual basis.

(v) Employee benefits

Short-term employee benefits

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

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

Defined contribution plans

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

## Notes To The Financial Statements

(cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Employee benefits (continued)

Unfunded Defined Benefit Scheme

A certain subsidiary 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.

(w) Income tax

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

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

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

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

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

(x) Foreign currencies

(i) Foreign currency transactions and balances

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

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

## Notes To The Financial Statements

(cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Foreign currencies (continued)

(ii) Foreign operations

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

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

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

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

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

(y) Operating segments

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

### 4. REVENUE

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Facilities	96,657,578	73,726,178	–	–
Engineering	78,328,604	19,943,546	–	–
Environment	73,545,591	34,168,724	–	–
Dividend income	–	–	3,672,000	7,650,000
Management fees	–	–	1,500,000	2,340,000
Other	–	178,787	–	178,787
	248,531,773	128,017,235	5,172,000	10,168,787



## Notes To The Financial Statements

(cont'd)

### 5. PROFIT FROM OPERATIONS

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Employee benefits expense (Note 6)	49,315,696	36,243,780	668,590	1,608,296
Non-executive directors' fees (Note 6)	696,000	1,130,800	172,500	276,400
Impairment losses on:				
- trade receivables	5,682,234	296,000	—	—
- other receivables	—	17,838	—	—
Impairment losses on investment in subsidiaries	—	—	802,332	—
Fair value adjustment on investment in jointly controlled entity	1,571,535	—	—	—
Impairment losses on slow moving inventories	73,142	118,245	—	—
Impairment losses on slow moving inventories no longer required	(332,793)	—	—	—
Net foreign exchange loss/(gain)				
- realised	242,019	(666,285)	—	(14,901)
- unrealised	69,516	(160,223)	—	—
Amortisation of intangible assets - others (Note 16(ii))	5,124	5,124	—	—
Auditors' remuneration#:				
- for the financial year	303,413	200,360	43,000	43,000
- underprovision in the previous financial year	18,699	1,274	—	—
Bad debts recovered	(254,792)	—	—	—
Impairment losses no longer required for:				
- trade receivables	(69,150)	(181,987)	—	—
- jointly controlled entity	—	(454,795)	—	—
Impairment losses on investment in jointly controlled entity no longer required	—	(2,639,253)	—	—
Impairment losses on investment in subsidiaries no longer required	—	—	(20,298,946)	—
Depreciation of property, plant and equipment (Note 11)	1,784,412	1,444,004	30,963	35,296
Depreciation of investment properties (Note 12)	1,520	43,692	—	—
Gain on disposal of subsidiary company	—	178,787	—	—
Provision for end service benefit	133,069	70,665	—	—
Provision for retirement benefit obligation	327,264	46,426	—	—

## Notes To The Financial Statements

(cont'd)

### 5. PROFIT FROM OPERATIONS (CONTINUED)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Provision for short-term accumulating compensated absences	2,567	7,644	–	–
Net gain on disposal of property, plant and equipment	(59,576)	(206,855)	–	–
Gain on disposal of investment properties	(51,619)	(182,430)	–	–
Property, plant and equipment written off	–	1,569	–	–
Deposit written off	51,718	–	–	–
Inventories written off	90,119	–	–	–
Rental expense for:				
- buildings	1,744,005	1,269,038	42,000	42,000
- vehicles	27,494	763	–	–
Rental income from investment properties	(111,600)	(123,500)	–	–

# - Included in the auditors' remuneration of the Group are fees paid to accounting firm other than the Company's auditors for audit fees amounting to RM128,063 (2015: RM122,160).

### 6. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Salaries, wages, bonus and allowances	43,840,614	31,927,254	569,145	1,143,568
Employees Provident Fund	4,530,523	2,854,213	80,378	177,862
Social Security Contributions	406,028	202,443	1,688	4,388
Other staff related expenses	538,531	1,259,870	17,379	282,478
	49,315,696	36,243,780	668,590	1,608,296

Included in staff costs of the Group and of the Company are executive directors' emoluments amounting to RM7,842,697(2015: RM5,011,544) and RMNil (2015:RM382,400) respectively, as further disclosed in Note 7 to the financial statements.

## Notes To The Financial Statements

(cont'd)

### 7. DIRECTORS' REMUNERATION

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	1,500,000	1,002,765	–	–
Employees Provident Fund and Social Security contributions	396,000	179,508	–	108,000
Bonus	1,800,000	1,800,000	–	260,000
Fees and other emoluments	25,586	49,410	–	14,400
	3,721,586	3,031,683	–	382,400
Non-Executive:				
Fees and other emoluments	696,000	710,800	172,500	276,400
	4,417,586	3,742,483	172,500	658,800
<b>Directors of Subsidiaries</b>				
Executive:				
Salaries and other emoluments	3,314,511	1,452,870	–	–
Employees Provident Fund and Social Security contributions	430,020	482,908	–	–
Bonus	384,766	–	–	–
Fees and other emoluments	26,200	44,083	–	–
	4,155,497	1,979,861	–	–
Non-executive:				
Fees and other emoluments	–	420,000	–	–
	4,155,497	2,399,861	–	–
<b>Total</b>	<b>8,573,083</b>	<b>6,142,344</b>	<b>172,500</b>	<b>658,800</b>

## Notes To The Financial Statements

(cont'd)

### 7. DIRECTORS' REMUNERATION (CONTINUED)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Analysis excluding benefits-in-kind:</b>				
Total executive Directors' remuneration excluding benefits-in-kind (Note 6):				
- of the Company	3,696,000	3,031,683	–	382,400
- of the subsidiaries	4,146,697	1,979,861	–	–
	7,842,697	5,011,544	–	382,400
Total non-executive Directors' remuneration (Note 6):				
- of the Company	696,000	710,800	172,500	276,400
- of the subsidiaries	–	420,000	–	–
	696,000	1,130,800	172,500	276,400
Total Directors' remuneration excluding benefits-in-kind	8,538,697	6,142,344	172,500	658,800

Remuneration in the form of benefits-in-kind paid to the executive Directors of the Group for the financial year amounted to RM34,386 (2015:RM35,100).

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	
	2016	2015
Executive Directors:		
RM3,000,001 – RM3,050,000	–	1
RM3,700,001 – RM3,750,000	1	–
Non-executive Directors:		
Up to RM50,000	2	–
RM50,001 – RM100,000	1	3
RM100,001 – RM150,000	1	1
RM400,001 – RM450,000	1	1

## Notes To The Financial Statements

(cont'd)

### 8. Finance Income, Net

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Interest expense on:				
Bank guarantees	177,743	3,775	–	–
Term loans	205,879	31,727	–	–
Hire purchase and finance lease	36,393	149,195	–	–
Others	65,547	135,759	252	748
Interest income	(752,063)	(393,868)	(86,821)	(67,723)
	(266,501)	(73,412)	(86,569)	(66,975)

### 9. Income Tax Expenses

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Current tax:				
For the financial year	6,672,830	782,821	280,000	–
Under/(Over)provision in prior financial years	428,635	(1,426,048)	365,340	–
	7,101,465	(643,227)	645,340	–
<b>Deferred tax (Note 31):</b>				
Relating to origination and reversal of temporary differences	(524,703)	788,841	–	–
(Over)/Under provision in prior financial years	(127,167)	963,003	–	–
	(651,870)	1,751,844	–	–
Total tax expense	6,449,595	1,108,617	645,340	–

The domestic statutory tax rate is 24% (2015: 25%).

## Notes To The Financial Statements

(cont'd)

### 9. INCOME TAX EXPENSES (CONTINUED)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Profit before taxation	30,074,639	12,824,281	22,934,540	7,444,494
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	7,217,913	3,206,070	5,504,290	1,861,124
Tax effects of:				
Different tax rates in other countries	(643,336)	(43,157)	–	–
Expenses not deductible for tax purposes	6,385,771	165,166	58,240	35,296
Income not subject to tax	(6,304,207)	(3,974)	–	–
Income exempted under pioneer status	(288,537)	(325,644)	–	–
Enhanced deductions	(78,396)	(50,306)	–	–
Income tax rebate	(118,000)	(107,200)	–	–
Tax effect of partial tax exemption	(152,957)	(69,720)	–	–
Recognition of previously unrecognised deferred tax assets	–	(1,515,198)	–	(1,896,420)
Deferred tax assets/(liabilities) not recognised during the year	129,876	315,625	(5,282,530)	–
Under/(Over) provision in prior financial years:				
- Current tax	428,635	(1,426,048)	365,340	–
- Deferred tax	(127,167)	963,003	–	–
Income tax expense	6,449,595	1,108,617	645,340	–

### 10. 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.

	2016	2015
Profit attributable to owners of the Company (RM)	17,126,656	8,081,947
Weighted average number of ordinary shares in issue, excluding treasury shares	248,545,205	225,352,427
Basic earnings per share (sen)	6.9	3.6

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

## Notes To The Financial Statements

(cont'd)

### 11. PROPERTY, PLANT AND EQUIPMENT

	At valuation	-----> At cost ----->				
	FreeHold Buildings RM	Computer Equipment and Software RM	Machinery, Equipment and Motor Vehicles RM	Furniture, Fittings and Office Equipment RM	Electrical Installations and Renovation RM	Total RM
<b>Group</b>						
<b>At 30 June 2016</b>						
<b>Cost</b>						
At 1 July 2015	5,209,567	7,516,046	7,594,676	4,500,930	1,076,741	25,897,960
Additions (Note 34)	–	1,041,542	1,147,742	325,986	272,237	2,787,507
Disposals	–	(7,891)	(465,775)	–	–	(473,666)
Acquisition of subsidiaries	321,540	–	1,218,521	175,349	14,000	1,729,410
Translation differences	–	314,004	194,639	(62,805)	(28,363)	417,475
At 30 June 2016	5,531,107	8,863,701	9,689,803	4,939,460	1,334,615	30,358,686
<b>Accumulated Depreciation</b>						
At 1 July 2015	874,218	6,534,827	5,795,074	3,707,601	825,389	17,737,109
Charge for the financial year	112,682	470,795	906,865	181,614	112,456	1,784,412
Disposals	–	(3,724)	(412,221)	–	–	(415,945)
Acquisition of subsidiaries	49,840	–	816,300	127,306	13,999	1,007,445
Translation differences	–	217,887	106,769	8,152	(39,650)	293,158
At 30 June 2016	1,036,740	7,219,785	7,212,787	4,024,673	912,194	20,406,179
<b>Net Carrying Amount</b>						
At 30 June 2016	4,494,367	1,643,916	2,477,016	914,787	422,421	9,952,507



## Notes To The Financial Statements

(cont'd)

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

	At valuation	At cost				
	FreeHold Buildings RM	Computer Equipment and Software RM	Machinery, Equipment and Motor Vehicles RM	Furniture, Fittings and Office Equipment RM	Electrical Installations and Renovation RM	Total RM
<b>Group</b>						
<b>At 30 June 2015</b>						
<b>Cost</b>						
At 1 July 2014	3,835,864	7,109,389	7,245,972	4,360,960	1,053,359	23,605,544
Revaluation	1,373,703	–	–	–	–	1,373,703
Additions (Note 34)	–	434,737	879,045	260,996	22,975	1,597,753
Disposals	–	(33,897)	(537,782)	(127,962)	–	(699,641)
Translation differences	–	5,817	7,441	6,936	407	20,601
At 30 June 2015	5,209,567	7,516,046	7,594,676	4,500,930	1,076,741	25,897,960
<b>Accumulated Depreciation</b>						
At 1 July 2014	812,148	6,325,875	5,262,419	3,662,672	733,226	16,796,340
Charge for the financial year	62,070	219,909	911,038	159,224	91,763	1,444,004
Disposals	–	(17,590)	(382,794)	(121,569)	–	(521,953)
Translation differences	–	6,633	4,411	7,274	400	18,718
At 30 June 2015	874,218	6,534,827	5,795,074	3,707,601	825,389	17,737,109
<b>Net Carrying Amount</b>						
At 30 June 2015	4,335,349	981,219	1,799,602	793,329	251,352	8,160,851

## Notes To The Financial Statements

(cont'd)

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

	Computer Furniture, and Software RM	Equipment Fittings and Office Equipment RM	Renovation RM	Total RM
<b>Company</b>				
<b>At 30 June 2016</b>				
<b>Cost</b>				
At 1 July 2015	505,924	72,129	67,745	645,798
Addition	–	3,007	–	3,007
At 30 June 2016	505,924	75,136	67,745	648,805
<b>Accumulated Depreciation</b>				
At 1 July 2015	426,922	64,625	67,745	559,292
Charge during the financial year	26,132	4,831	–	30,963
At 30 June 2016	453,054	69,456	67,745	590,255
<b>Net Carrying Amount</b>				
At 30 June 2016	52,870	5,680	–	58,550
<b>At 30 June 2015</b>				
<b>Cost</b>				
At 1 July 2014				
Addition	456,678	72,129	67,745	596,552
Disposal	49,246	–	–	49,246
At 30 June 2015	505,924	72,129	67,745	645,798
<b>Accumulated Depreciation</b>				
At 1 July 2014	400,936	57,115	65,945	523,996
Charge during the financial year	25,986	7,510	1,800	35,296
At 30 June 2015	426,922	64,625	67,745	559,292
<b>Net Carrying Amount</b>				
At 30 June 2015	79,002	7,504	–	86,506

## Notes To The Financial Statements

(cont'd)

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

- (a) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use amounting to RM11,601,040(2015: RM10,915,036).
- (b) Net book values of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	2016 RM	Group 2015 RM
Motor vehicles	1,332,257	357,358

- (c) Freehold buildings of the Group with a carrying amount of RM4,227,492 (2015: RM4,335,351) have been pledged to financial institutions for borrowings as disclosed in Note 30(i)(c).

### 12. INVESTMENT PROPERTIES

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

	Group 2015 RM
<b>Freehold Buildings</b>	
<b>At cost:-</b>	
At 1 July 2014	1,904,933
Disposal	(567,570)
Less: Depreciation during the financial year	(43,692)
At 30 October 2014	1,293,671
<b>At valuation:-</b>	
At 30 October 2014	1,293,671
Revaluation surplus	1,554,430
At 30 June 2015	2,848,101

## Notes To The Financial Statements

(cont'd)

### 12. INVESTMENT PROPERTIES (CONTINUED)

The fair value of the freehold buildings were estimated at RM2,848,101 by the Directors based on the valuation performed on 30 October 2014 by C H Williams Talhar & Wong, an independent firm of professional valuer. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the freehold buildings, the highest and best use of the freehold buildings is their current use.

The freehold buildings of the Group with a carrying amount of RM1,153,537(2015: RM2,707,967) have been pledged to financial institutions for borrowings, as disclosed in Note 30(i)(c).

The income earned by the Group from rental of investment properties amounted to RM111,600 (2015: RM123,500). Direct operating expenses incurred on the investment properties during the year amounted to RM25,669 (2015: RM90,579).

The fair value of the investment property had been determined by the Directors based on current price in an active market for the properties. Detail of the Group investment properties and information about the fair value hierarchy as of 30 June 2016 are as follows:-

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2016</b>				
Investment properties	–	2,778,200	–	2,778,200
<b>2015</b>				
Investment properties	–	2,848,101	–	2,848,101

### 13. INVESTMENT IN JOINTLY CONTROLLED ENTITTY

	2016 RM	Group 2015 RM
Unquoted shares at cost	514,800	514,800
Share of post acquisition results and reserve	2,179,825	2,179,825
	2,694,625	2,694,625
Less: Fair value adjustment	(1,571,535)	–
	1,123,090	2,694,625

## Notes To The Financial Statements

(cont'd)

### 13. INVESTMENT IN JOINTLY CONTROLLED ENTITY (CONTINUED)

The Group's share of revenue, loss, assets and liabilities of jointly controlled entities are as follows:

	2016 RM	Group 2015 RM
Revenue	–	364,800
Profit for the financial year	25,918	55,372
Current assets	1,070,228	1,047,776
Current liabilities	(27,842)	(115,853)
Non-current liabilities	–	(38,558)
Net assets	1,042,386	893,365
Reserve	80,704	60,476
	1,123,090	953,841

Details of the jointly controlled entity are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2016	2015	
Multi Link Environmental Services LLC ("MLES")	Abu Dhabi, United Arab Emirates	16.99%	16.99%	Designing, supplying and installing of automated waste collection systems

The Group recognises its interests in the jointly controlled entity using the equity method of accounting.

## Notes To The Financial Statements

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### 13. INVESTMENT IN JOINTLY CONTROLLED ENTITTY (CONTINUED)

Amount owing by jointly controlled entity:-

	2016 RM	Group 2015 RM
Trade	27,456	–
Allowance for impairment losses:		
At 1 July 2015/2014	–	454,795
Reversal	–	(454,795)
At 30 June 2016/2015	–	–

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

The amounts owing are to be settled in cash.

### 14. INVESTMENT IN SUBSIDIARIES

	2016 RM	Company 2015 RM
Unquoted shares, at cost		
At 1 July 2015/2014	100,745,690	100,825,503
Acquisition	26,500,000	–
Less: Disposal	–	(79,813)
	127,245,690	100,745,690
Less: Accumulated impairment losses	(39,402,975)	(58,899,589)
At 30 June 2016/2015	87,842,715	41,846,101
Accumulated impairment losses:-		
At 1 July 2015/2014	(58,899,589)	(58,899,589)
Addition	(802,332)	–
Reversal	20,298,946	–
At 30 June 2016/2015	(39,402,975)	(58,899,589)

## Notes To The Financial Statements

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### 14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The Company carried out a review of the recoverable amount of its investment in subsidiaries based on the share of net assets in its subsidiaries. The impairment losses of RM802,332 (2015: Nil) represents the write-down of investment in subsidiaries to the Company's share of net assets in its subsidiaries. However, there was a reversal of impairment losses of RM20,298,946 (2015: Nil) during the financial year as such impairment is no longer required.

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2016	2015	
Ambang Wira Sdn. Bhd.^ ("AWSB")	Malaysia	100%	100%	Comprehensive facility management services
AW Facility Management Sdn. Bhd.^ ("AWFM")	Malaysia	100%	100%	Comprehensive facility management services
AWC Renewable Energy Sdn. Bhd. ("AWCRE")	Malaysia	100%	100%	Building integrated photovoltaic projects
AWC Facilities Engineering Sdn. Bhd. ("AFESB")	Malaysia	75%	75%	Facility management
M & C Engineering and Trading Sdn. Bhd.^ ("M&C(M)")	Malaysia	100%	100%	Air-conditioning and building automation
M & C Engineering and Trading (S) Pte. Ltd. *1^ ("M&C(S)")	Singapore	100%	100%	Air-conditioning and building automation
Environmental & Landscape Services Sdn. Bhd.^ ("ELS")	Malaysia	100%	100%	Landscaping
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 Industries Sdn. Bhd. ("SISB")	Malaysia	51%	51%	Environmental engineering and general trading
Stream Environment (S) Pte. Ltd. *1 ("SEPL")	Singapore	51%	51%	Importers, dealers and contractors of industrial and domestic cleaning equipment and appliances
Stream Environment Sdn. Bhd. ("SESB")	Malaysia	51%	51%	Environmental engineering and general trading



## Notes To The Financial Statements

(cont'd)

### 14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2016	2015	
Stream FZE *1	Abu Dhabi, United Arab Emirates	51%	51%	Trading in building materials, environmental protection equipment, pumps, engines, valves and spare parts
Stream Automated Waste W.L.L *1@ ("SAW")	Qatar	24.99%	24.99%	Pipeline networks, trading of pipes and tubes and trading of equipments and decoration of accessories
Teroka Energy Sdn. Bhd. ("TESB")	Malaysia	100%	100%	Investment holding, property dealing and general trading
Qudotech Sdn. Bhd. ("QSB")	Malaysia	100%	–	Mechanical and electrical engineering works
Qudotech (JB) Sdn. Bhd. ("QJB")	Malaysia	100%	–	Mechanical and electrical engineering works
DD Techniche Sdn. Bhd. ("DDT")	Malaysia	100%	–	Contracting for mechanical engineering works and trading of specialised water tanks and rainwater harvesting products

^ Consolidated under merger method of accounting.

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

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

(a) Acquisition during the year

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

## Notes To The Financial Statements

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### 14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Acquisition during the year (continued)

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

	<b>Group 2016 RM</b>
Total cost of acquisition	26,500,000
Less: Non-cash consideration	(11,650,000)
Consideration to be settled in cash	14,850,000
Add/(Less):	
Property, plant and equipment	721,965
Consideration payable	(7,800,000)
Cash and cash equivalents of subsidiaries acquired	(4,267,687)
Net cash outflow from acquisition of subsidiaries	(3,504,278)
Goodwill arising on acquisition is calculated as follows:-	
Fair value of net identifiable assets	4,267,688
Goodwill on acquisition (Note 16(ii))	22,232,312
Cost of acquisition	26,500,000

## Notes To The Financial Statements

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### 14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Disposal in the previous financial year

On 9 September 2014, the Company and AW Facility Management Sdn Bhd ("AWFM") (a wholly-owned subsidiary of the Company) had disposed its entire shareholdings in Resource Data Management Asia Sdn. Bhd. ("RDMA") representing 217,000 ordinary shares of RM1.00 each to Resource Data Management Limited for a purchase consideration amounting to RM260,400. Consequently, the Company ceased to be the holding company of RDMA.

The disposal had the following effects on the financial position of the Group as at the end of the previous financial year:-

	Group 2015 RM
Property, plant and equipment	20,066
Inventories	132,999
Trade receivables	1,043,600
Other receivables, deposits and prepayment	73,214
Tax recoverable	59,031
Cash and bank balances	22,479
Trade payables	(334,881)
Other payables	(1,108,849)
Total net assets disposed	(92,341)
Less: Non-controlling interest	23,210
	(69,131)
Profit on disposal of the Group	283,373
Net proceeds from disposal of subsidiaries	214,242
Less: Cash and bank balances of subsidiaries disposed	(22,479)
Net cash inflow from disposal of subsidiaries	191,763

### 15. OTHER INVESTMENTS

	2016 RM	Group 2015 RM
At cost		
Investment in associate	1,661	1,661
Investment in unquoted shares	1,327,023	1,327,023
	1,328,684	1,328,684
Less: Impairment loss	(1,327,023)	(1,327,023)
	1,661	1,661

The Group designated its investment in 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.

## Notes To The Financial Statements

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### 15. OTHER INVESTMENTS (CONTINUED)

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2016	2015	
Premium Patents Sdn Bhd	Malaysia	24.99%	24.99%	Dormant

### 16. INTANGIBLE ASSETS

#### (i) Goodwill

	2016 RM	Group 2015 RM
At 1 July 2015/2014	5,912,091	5,912,091
Addition (Note14(a))	22,232,312	–
At 30 June 2016/2015	28,144,403	5,912,091

#### (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 Environment segments as follows:

CGU	2016 RM	2015 RM
Environment - NSB and its subsidiaries	5,912,091	5,912,091
Engineering - QSB and its subsidiary	13,802,238	–
Engineering - DDT	8,430,074	–
	28,144,403	5,912,091

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

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

## Notes To The Financial Statements

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### 16. INTANGIBLE ASSETS (CONTINUED)

#### (i) Goodwill (continued)

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

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

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

#### (i) Gross Margin

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

#### (ii) Revenue Growth

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

#### (iii) Discount Rates

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

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

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

## Notes To The Financial Statements

(cont'd)

### 16. INTANGIBLE ASSETS (CONTINUED)

#### (ii) Deferred Expenditure

Group	2016 RM	2015 RM
<b>Cost</b>		
At 30 June 2016/2015	10,202,701	10,202,701
<b>Accumulated amortisation</b>		
At 1 July 2015/2014	10,195,013	10,189,889
Amortisation for the financial year	5,124	5,124
At 30 June 2016/2015	10,200,137	10,195,013
<b>Net carrying amount</b>		
At 30 June 2016/2015	2,564	7,688

### 17. INVENTORIES

	2016 RM	Group 2015 RM
At cost		
Consumables	903,961	490,293
Trading and installation goods	17,739,818	18,128,848
	18,643,779	18,619,141
Less: Impairment losses	(824,398)	(1,084,049)
	17,819,381	17,535,092
Impairment losses:-		
At 1 July 2015/2014	1,084,049	965,804
Addition	73,142	118,245
Write back	(332,793)	–
At 30 June 2016/2015	824,398	1,084,049

None of the inventories are stated at net realisable value.

## Notes To The Financial Statements

(cont'd)

### 18. TRADE RECEIVABLES

	2016 RM	Group 2015 RM
Trade receivables	76,566,664	30,535,090
Retention sums on contracts	6,750,599	10,927,542
	83,317,263	41,462,632
Less: Impairment losses	(7,578,543)	(1,965,459)
	75,738,720	39,497,173
Amount due from customers on contracts (Note 20)	36,807,574	17,344,012
	112,546,294	56,841,185

#### Ageing analysis of trade receivables

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

	2016 RM	Group 2015 RM
Neither past due nor impaired	45,251,559	18,982,316
1 - 90 days past due but not impaired	18,811,911	6,458,707
91 - 180 days past due but not impaired	3,449,537	491,225
More than 180 days past due but not impaired	8,225,713	13,564,925
	30,487,161	20,514,857
Individually impaired	7,578,543	1,965,459
	83,317,263	41,462,632

The Group's trade receivables of RM30,487,161 (2015: RM20,514,857) were past due but not impaired. These debtors are mostly long term customers with no history of default in payments.

The Group's trade receivables of RM7,578,543 (2015: RM1,965,459) were individually impaired. The individually impaired receivables mainly relate to trade customers which are facing difficulties in cash flows. The impaired loss for these receivables during the financial year amounted to RM5,682,234 (2015: RM296,000).

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

	2016 RM	Group 2015 RM
At 1 July 2016/2015	1,965,459	1,851,446
Addition	5,682,234	296,000
Writeback	(69,150)	(181,987)
At 30 June 2016/2015	7,578,543	1,965,459



## Notes To The Financial Statements

(cont'd)

### 18. TRADE RECEIVABLES (CONTINUED)

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

### 19. OTHER RECEIVABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Deposits	1,778,435	933,023	260	260
Prepayments	797,217	318,082	–	38,723
Staff loans	918,268	131,777	–	–
Other receivables	11,191,487	1,422,434	100,940	–
	14,685,407	2,805,316	101,200	38,983
Less: Impairment losses	(142,523)	(142,523)	–	–
	14,542,884	2,662,793	101,200	38,983
Impairment losses:-				
At 1 July 2015/2014	(142,523)	(124,685)	–	–
Addition	–	(17,838)	–	–
At 30 June 2016/2015	(142,523)	(142,523)	–	–

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

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

	Group	
	2016 RM	2015 RM
Construction costs incurred to date	199,010,440	37,307,272
Attributable profits	76,036,108	28,910,440
	275,046,548	66,217,712
Less: Progress billings	(245,300,482)	(50,453,280)
	29,746,066	15,764,432
Amount due from customers on contracts (Note 18)	36,807,574	17,344,012
Amount due to customers on contracts (Note 32)	(7,061,508)	(1,579,580)
	29,746,066	15,764,432

## Notes To The Financial Statements

(cont'd)

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

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

### 22. AMOUNT OWING BY AN ASSOCIATED COMPANY

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

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	32,191,019	41,559,963	4,722,786	7,081,576
Deposits with licensed banks	12,523,829	11,995,280	–	–
	44,714,848	53,555,243	4,722,786	7,081,576

The Group's deposits with licensed banks amounting to RM4,101,526 (2015: RM4,307,675) have been pledged to banks for credit facilities granted to certain subsidiaries, as disclosed in Note 30(i)(a).

### 24. SHARE CAPITAL

	Par Value	Number of Ordinary Shares		Amount	
		2016	2015	2016	2015
<b>Authorised</b>					
At 30 June 2016/2015	RM0.30	1,666,666,666	1,666,666,666	500,000,000	500,000,000
<b>Issued and fully paid up</b>					
At 1 July 2015/2014	RM0.30	228,679,227	228,679,227	68,603,769	68,603,769
Shares issued for acquisition of subsidiaries		30,657,895	–	9,197,369	–
Exercise of employee share options		2,139,330	–	641,798	–
At 30 June 2016/2015		261,476,452	228,679,227	78,442,936	68,603,769

## Notes To The Financial Statements

(cont'd)

### 24. SHARE CAPITAL (CONTINUED)

During the financial year, the issued and paid-up share capital of the Company was increased from RM68,603,769 to RM78,442,936 by way of the issuance of:

- (a) 30,657,895 new ordinary shares of RM0.30 each pursuant to the acquisition of new subsidiaries at an issue price of RM0.38 per ordinary share;
- (b) 1,771,400 and 367,930 new ordinary shares of RM0.30 each for cash pursuant to the Company's Employees' Share Option Scheme ("ESOS") at exercise price of RM0.336 per ordinary share and RM0.423 per ordinary share respectively.

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

#### (a) ESOS

The Company implemented an ESOS on 31 March 2011. The ESOS was governed by the revised by-laws as approved by the shareholders at the Extraordinary General Meeting held on 19 March 2012. This ESOS was subsequently terminated on 27 August 2015. Subsequently, on 1 October 2015 the shareholders approved the launch of a new ESOS, the main features of which are as follows:-

- (i) The ESOS shall be in force for a period of five years from the date of implementation and may be extended or renewed (as the case may be) for a further period of five years at the sole and absolute discretion of the directors upon recommendation of the ESOS Committee provided that the initial period of five years and such extension made shall not in aggregate exceed a duration of ten years from the date of implementation.
- (ii) Natural persons who are eligible under the ESOS include executive and non-executive Directors and employees of the Group who are at least eighteen years of age whose employment with the Group has been confirmed in writing. For the case of non Malaysian citizens, participation in the ESOS shall be determined at the sole and absolute discretion of the ESOS Committee.
- (iii) The aggregate number of shares to be offered under the ESOS shall not exceed 15% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at the date of offer or such other percentage of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) as may be permitted by the relevant authorities from time to time during the duration of the ESOS.
- (iv) The subscription price for each share under the ESOS shall, subject always to the by-laws, be the higher of the volume weighted average market price of the shares for the five market days immediately preceding the date of offer, with a discount of not more than 10%, or any such other percentage of discounts as may be permitted by the authorities from time to time during the duration of the ESOS or the par value of the share at the date of offer.
- (v) The number of shares under option and the option price may be adjusted as a result of any alteration in the capital structure of the Company by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of shares or reduction of capital or otherwise howsoever, if any, made by the Company while an option remains unexercised.
- (vi) Options granted under the ESOS can be exercised by the grantee by notice in writing to the Company during the option period in the prescribed form in multiples of one hundred shares or in any other denomination as prescribed by the authorities as a board lot.

## Notes To The Financial Statements

(cont'd)

### 24. SHARE CAPITAL (CONTINUED)

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

- (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.

During the financial year, options have been granted by the Company to the eligible Directors, senior management and employees of the Group as disclosed in the Directors' Report.

#### (b) Treasury Shares

<----- Group/Company ----->					
	Par Value	Number of Ordinary Shares		Amount	
		2016	2015	2016 RM	2015 RM
<b>Ordinary shares</b>					
At 30 June					
2016/2015	RM0.30	3,326,800	3,326,800	855,221	855,221

This amount relates to the acquisition cost of treasury shares. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

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

#### (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.

### 25. MERGER RELIEF (NON-DISTRIBUTABLE)

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

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

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

### 27. STATUTORY RESERVE (NON- DISTRIBUTABLE)

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

## Notes To The Financial Statements

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### 28. REVALUATION RESERVE

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

### 29. RETAINED PROFITS/(ACCUMULATED LOSSES)

At the end of the reporting period, the Company will be able to distribute dividends out of its entire retained profits, if any, under the single tier tax system.

### 30. BORROWINGS

	2016 RM	Group 2015 RM
<b>Short-term borrowings</b>		
Secured:		
Term loan	14,720	–
Revolving credit	–	1,511,413
Hire purchase and finance lease payables (Note 30(iii))	300,640	301,306
	315,360	1,812,719
<b>Long-term borrowings</b>		
Secured:		
Term loan	108,929	–
Hire purchase and finance lease payables (Note 30(iii))	519,212	337,551
	628,141	337,551

## Notes To The Financial Statements

(cont'd)

### 30. BORROWINGS (CONTINUED)

	2016 RM	Group 2015 RM
<b>Total borrowings</b>		
Term loan	123,649	–
Revolving credit	–	1,511,413
Hire purchase and finance lease payables (Note 30(iii))	819,852	638,857
	943,501	2,150,270
<b>Maturity of borrowings (excluding hire purchase and finance lease payables)</b>		
Not later than 1 year	14,720	1,511,413
Later than 1 year and not later than 2 years	72,240	–
Later than 5 years	36,689	–
	123,649	1,511,413

- (i) The term loans are secured by:
- (a) a lien on the deposits with licensed banks and the accumulation of interest thereon as disclosed in Note 23 to the financial statements;
  - (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 freehold buildings of the Group as disclosed in Note 11(c) and Note 12 to the financial statements respectively; and
  - (d) a negative pledge on assets of a subsidiary.
- (ii) The term loan of the Group is repayable in monthly instalments amounting to RM68,446 (2015: RM62,857).

## Notes To The Financial Statements

(cont'd)

### 30. BORROWING (CONTINUED)

- (iii) Hire purchase and finance lease payables are as follows:

	2016 RM	Group 2015 RM
<b>Minimum lease payments</b>		
Not later than 1 year	357,200	320,793
Later than 1 year and not later than 2 years	279,496	220,228
Later than 2 years and not later than 5 years	278,566	148,287
	915,262	689,308
Less : Future finance charges	(95,410)	(50,451)
	819,852	638,857
<b>Present value of finance lease payables</b>		
Not later than 1 year	300,640	301,306
Later than 1 year and not later than 2 years	441,957	249,652
Later than 2 years and not later than 5 years	77,255	87,899
	819,852	638,857
<b>Analysed as</b>		
Due within 12 months	300,640	301,306
Due after 12 months	519,212	337,551
	819,852	638,857

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

As at 30 June 2016, the Group has complied with all the requirements of the covenants.



## Notes To The Financial Statements

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### 31. DEFERRED TAXATION

	2016 RM	Group 2015 RM
At 1 July 2016/2015	148,522	(1,963,579)
Translation differences	1,307,945	360,257
Recognised in profit or loss (Note 9)	(651,870)	1,751,844
Acquisition of subsidiaries	(7,791)	–
At 30 June 2016/2015	796,806	148,522
Deferred tax comprised the following:		
Deferred tax assets	(963,220)	(311,156)
Deferred tax liabilities	166,414	162,634
	(796,806)	(148,522)

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

#### Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM	Others RM	Total RM
At 1 July 2014	150,530	(51,109)	99,421
Recognised in profit or loss	(60,639)	123,852	63,213
At 30 June 2015	89,891	72,743	162,634
At 1 July 2015	89,891	72,743	162,634
Recognised in profit or loss	189,115	(185,335)	3,780
At 30 June 2016	279,006	(112,592)	166,414

## Notes To The Financial Statements

(cont'd)

### 31. DEFERRED TAXATION (CONTINUED)

#### Deferred Tax Assets of the Group:

	Payables RM	Allowance for Impairment Losses RM	Others RM	Total RM
At 1 July 2014	(1,850,010)	(33,449)	(179,541)	(2,063,000)
Recognised in profit or loss	1,742,653	33,449	(24,258)	1,751,844
At 30 June 2015	(107,357)	–	(203,799)	(311,156)
At 1 July 2015	(107,357)	–	(203,799)	(311,156)
Recognised in profit or loss	(1,118,191)	(485)	466,612	(652,064)
At 30 June 2016	(1,225,548)	(485)	262,813	(963,220)

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

	2016 RM	Group 2015 RM
Unutilised tax losses	7,360,084	6,940,313
Others	1,500,450	1,324,182
	8,860,534	8,264,495

### 32. TRADE PAYABLES

	2016 RM	Group 2015 RM
Trade payables	38,615,370	19,142,554
Amount due to customers on contracts (Note 20)	7,061,508	1,579,580
	45,676,878	20,722,134

The credit period granted to the Group range from 30 to 90 days (2015: 30 to 90 days).

## Notes To The Financial Statements

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### 33. OTHER PAYABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Current:</b>				
Accruals	7,957,183	7,776,541	676,607	777,250
Provision for short-term accumulating compensated absences	314,611	332,066	7,356	27,378
Retirement benefit obligation	302,206	302,206	–	–
Sundry payables	774,927	1,111,634	–	–
Goods and Services Tax output	801,769	188,108	58,836	29,640
Consideration payable	7,800,000	–	7,800,000	–
Dividend payable	3,863,558	–	3,863,558	–
Project accruals	13,148,821	–	–	–
	34,963,075	9,710,555	12,406,357	834,268
<b>Non-current:</b>				
Retirement benefit obligation	2,682,030	2,500,719	–	–
	37,645,105	12,211,274	12,406,357	834,268

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

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

	Group	
	2016 RM	2015 RM
Present value of unfunded defined benefit obligations	2,984,235	2,802,925
Current portion	302,206	302,206
Non-current portion:		
- later than 1 year and not later than 2 years	383,165	383,165
- later than 2 years and not later than 3 years	383,165	383,165
- more than 3 years	1,915,699	1,734,389
	2,682,029	2,500,719
	2,984,235	2,802,925

## Notes To The Financial Statements

(cont'd)

### 33. OTHER PAYABLES (CONTINUED)

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

	2016 RM	Group 2015 RM
Current service cost	238,903	33,891
Interest cost	88,361	12,535
	327,264	46,426

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

	2016 RM	Group 2015 RM
At 1 July 2015/2014	2,802,925	2,785,814
Add: Provision for the financial year	327,264	46,426
Less: Payment during the financial year	(145,954)	(29,315)
At 30 June 2016/2015	2,984,235	2,802,925

Principal actuarial assumptions used:

	2016 %	Group 2015 %
Discount rate	5.0	5.0
Expected salary increment rate	6.0	6.0

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

	Group 2016 RM	2015 RM	Company 2016 RM	2015 RM
Cost of plant and equipment purchased (Note 11)	2,787,507	1,597,753	3,007	49,246
Amount financed through finance lease and hire purchase	(369,985)	(142,108)	–	–
Cash disbursed for purchase of plant and equipment	2,417,522	1,455,645	3,007	49,246

## Notes To The Financial Statements

(cont'd)

### 35. OPERATING LEASE COMMITMENTS

#### Leases As Lessee

	Group	
	2016 RM	2015 RM
Future minimum lease payments under the non-cancellable operating leases are as follows:-		
Not later than 1 year	1,882,385	240,111
Later than 1 year and not later than 2 years	967,073	52,905
Later than 2 years and not later than 5 years	924,185	3,260
	<hr/> 3,773,643	<hr/> 296,276

### 36. CONTINGENT LIABILITY

	Company	
	2016 RM	2015 RM
<b>Unsecured:</b>		
Corporate guarantee given to banks for credit facilities granted to subsidiaries	52,500,000	20,800,000
	<hr/> 52,500,000	<hr/> 20,800,000

### 37. SIGNIFICANT RELATED PARTY DISCLOSURES

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

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

## Notes To The Financial Statements

(cont'd)

### 37. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

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:

	<b>Group</b>		<b>Company</b>	
	<b>2016 RM</b>	<b>2015 RM</b>	<b>2016 RM</b>	<b>2015 RM</b>
Rental expenses paid to directors of a subsidiary, Gan Geok Soon and Sri Skanda Rajah A/L S. Ratnam	163,128	66,500	–	–
Short-term employee benefits paid/payable to key management personnel	8,573,083	6,142,344	172,500	658,800
Management fee charged to subsidiaries	–	–	(1,500,000)	(2,340,000)
Rental expense payable to a subsidiary company	–	–	42,000	42,000
Dividend income from subsidiaries	–	–	(3,672,000)	(7,650,000)

### 38. FINANCIAL INSTRUMENTS

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

	<b>2016</b>		<b>2015</b>	
	<b>Loans and receivables/ other financial liabilities RM</b>	<b>Total RM</b>	<b>Loans and receivables/ other financial liabilities RM</b>	<b>Total RM</b>
<b>Group</b>				
<b>Financial assets</b>				
Trade receivables	112,546,294	112,546,294	56,841,185	56,841,185
Other receivables	13,745,667	13,745,667	2,344,711	2,344,711
Amount owing by jointly controlled entity	27,456	27,456	–	–
Cash and cash equivalents	44,714,848	44,714,848	53,555,243	53,555,243
	171,034,265	171,034,265	112,741,139	112,741,139
<b>Financial liabilities</b>				
Trade payables	45,676,878	45,676,878	20,722,134	20,722,134
Other payables	29,373,311	29,373,311	4,102,667	4,102,667
Term loan	123,649	123,649	1,511,413	1,511,413
Finance lease liabilities	819,852	819,852	638,857	638,857
	75,993,690	75,993,690	26,975,071	26,975,071

## Notes To The Financial Statements

(cont'd)

### 38. FINANCIAL INSTRUMENTS (CONTINUED)

	2016		2015	
	Loans and receivables/ other financial liabilities RM	Total RM	Loans and receivables/ other financial liabilities RM	Total RM
<b>Company</b>				
<b>Financial assets</b>				
Other receivables	101,200	101,200	260	260
Amount owing by subsidiary companies	870,683	870,683	669,180	669,180
Cash and bank balances	4,722,786	4,722,786	7,081,576	7,081,576
	5,694,669	5,694,669	7,751,016	7,751,016
<b>Financial liabilities</b>				
Other payables	11,722,394	11,722,394	29,640	29,640

#### Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity and market risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

#### Credit risk

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

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

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

#### Liquidity risk

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

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

## Notes To The Financial Statements

(cont'd)

### 38. FINANCIAL INSTRUMENTS (CONTINUED)

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

##### Liquidity risk (continued)

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Below 1 year RM	1 to 5 years RM
<b>2016</b>					
<b>Group</b>					
Trade payables	45,676,878		45,676,878	45,676,878	–
Other payables	29,373,311		29,373,311	29,373,311	–
Term loan	123,649	6.90	123,649	123,649	–
Finance lease liabilities	819,852	2.37 - 7.21	819,852	300,640	519,212
	75,993,690		75,993,690	75,474,478	519,212
<b>Company</b>					
Other payables	29,640	–	29,640	29,640	–
<b>2015</b>					
<b>Group</b>					
Trade payables	20,722,134		20,722,134	20,722,134	–
Other payables	4,102,667		4,102,667	4,102,667	–
Term loan	1,511,413	6.90	1,511,413	1,511,413	–
Finance lease liabilities	638,857	3.31 - 7.21	638,857	301,306	337,551
	26,975,071		26,975,071	26,637,520	337,551
<b>Company</b>					
Other payables	260	–	260	260	–

##### Market risk

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

#### (a) Foreign exchange risk

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



## Notes To The Financial Statements

(cont'd)

### 38. FINANCIAL INSTRUMENTS (CONTINUED)

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

##### Market risk (continued)

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

Group 2016	SGD RM	USD RM	AED RM	QAR RM	HKD RM	EURO RM	SEK RM	MYR RM	Total RM
<b>Financial assets</b>									
Other receivables	393,129	-	133,281	22,658	70,636	-	-	13,125,963	13,745,667
Trade receivables	16,276,754	-	7,198,468	-	1,605,731	-	-	50,657,767	75,738,720
Deposits with licensed banks, cash and bank balances	9,213,995	18,962	7,234,306	615,706	813,712	-	-	26,818,167	44,714,848
	25,883,878	18,962	14,566,055	638,364	2,490,079	-	-	90,601,897	134,199,235
<b>Financial liabilities</b>									
Trade payables	2,552,661	120,108	693,594	4,446	-	3,192,020	1,178,980	30,873,563	38,615,372
Other payables	1,755,724	-	2,612,451	15,714	524,025	-	-	24,465,397	29,373,311
Term loan	123,649	-	-	-	-	-	-	-	123,649
Hire purchase and finance lease payables	194,688	-	-	-	-	-	-	625,164	819,852
	4,626,722	120,108	3,306,045	20,160	524,025	3,192,020	1,178,980	55,964,124	68,932,184
Net financial assets/(liabilities)	21,257,156	(101,146)	11,260,010	618,204	1,966,054	(3,192,020)	(1,178,980)	34,637,773	65,267,051
Less: Net financial assets denominated in the entity's functional currency	(21,257,156)	-	(11,260,010)	(618,204)	(1,966,054)	-	-	(34,637,773)	(69,739,197)
Currency exposure	-	(101,146)	-	-	-	(3,192,020)	(1,178,980)	-	(4,472,146)

## Notes To The Financial Statements

(cont'd)

### 38. FINANCIAL INSTRUMENTS (CONTINUED)

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

##### Market risk (continued)

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

Group 2015	SGD RM	USD RM	AED RM	QAR RM	MYR RM	Total RM
<b>Financial assets</b>						
Other receivables	210,335	–	79,633	20,991	2,033,752	2,344,711
Trade receivables	10,598,069	–	995,236	2,230,359	25,673,509	39,497,173
Deposits with licensed banks, cash and bank balances	5,320,563	8,142	3,615,498	107,632	44,503,408	53,555,243
	16,128,967	8,142	4,690,367	2,358,982	72,210,669	95,397,127
<b>Financial liabilities</b>						
Trade payables	4,764,730	–	1,716,028	4,017	12,657,779	19,142,554
Other payables	1,912,765	–	1,042,981	79,309	1,399,678	4,434,733
Revolving credit	–	–	–	–	1,511,413	1,511,413
Hire purchase and finance lease payables	69,406	–	–	–	569,451	638,857
	6,746,901	–	2,759,009	83,326	16,138,321	25,727,557
Net financial assets	9,382,066	8,142	1,931,358	2,275,656	56,072,348	69,669,570
Less: Net financial assets denominated in the entity's functional currency	(4,407,639)	–	(1,931,358)	(2,275,656)	(56,072,348)	(64,687,001)
Currency exposure	4,974,427	8,142	–	–	–	4,982,569

##### (b) Interest Rate Risk

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

## Notes To The Financial Statements

(cont'd)

### 38. FINANCIAL INSTRUMENTS (CONTINUED)

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

##### Market risk (continued)

#### (b) Interest Rate Risk (continued)

##### Exposure to interest rate risk

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

	2016 RM	Group 2015 RM
<b>Fixed rate instruments</b>		
Financial assets	134,199,235	95,387,127
Financial liabilities	(68,932,184)	(25,727,557)
	65,267,051	69,659,570

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

##### Fair value information

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

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

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

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

	Level 2 RM	Total fair value RM	Carrying amount RM
<b>2016</b>			
<b>Financial liabilities</b>			
Finance lease liabilities	819,852	819,852	819,852
<b>2015</b>			
<b>Financial liabilities</b>			
Finance lease liabilities	638,857	638,857	638,857

## Notes To The Financial Statements

(cont'd)

### 39. CAPITAL MANAGEMENT

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

### 40. OPERATING SEGMENTS

#### (a) Business Segments

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

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

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly tax recoverable, deferred tax assets, deferred tax liabilities and provision for taxation.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

## Notes To The Financial Statements

(cont'd)

### 40. OPERATING SEGMENTS (CONTINUED)

#### (a) Business Segments (Continued)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Adjustment and Eliminations RM	Per Consolidated Financial Statements RM
<b>30 June 2016</b>						
<b>Revenue</b>						
External revenue	–	96,657,578	78,328,604	73,545,591		248,531,773
Inter-segment revenue	5,172,000	15,189,359	4,865,903	–	(25,227,262)	–
	5,172,000	111,846,937	83,194,507	73,545,591	(25,227,262)	248,531,773
<b>Results</b>						
Results before the following adjustments	3,379,347	8,786,799	7,631,291	23,226,170	(4,526,133)	38,497,474
Depreciation and amortisation	(30,963)	(845,028)	(319,248)	(592,835)	2,142	(1,785,932)
Impairment losses on investment in subsidiaries no longer required	20,298,946	–	–	–	(20,298,946)	–
Impairment losses on investment in subsidiaries	(802,332)	–	–	–	802,332	–
Impairment losses on trade receivables	–	(402,015)	(688,072)	(4,592,147)	–	(5,682,234)
Impairment losses on trade receivables no longer required	–	–	69,150	–	–	69,150
Bad debts recovered	–	–	254,792	–	–	254,792
Fair value adjustment on investment in jointly controlled entity	–	–	–	(1,571,535)	–	(1,571,535)
Other non-cash items	–	(49,236)	(395,805)	471,464	–	26,423
Segment results	22,844,998	7,490,520	6,552,108	16,941,117	(24,020,605)	29,808,138
Net finance income/(cost)	86,559	228,923	45,136	(94,117)	–	266,501
Income tax expense	(645,343)	(1,921,000)	(1,308,085)	(2,575,167)	–	(6,449,595)
Zakat	(30,000)	–	–	–	–	(30,000)
Consolidated profit after taxation for the financial year						23,595,044

## Notes To The Financial Statements

(cont'd)

### 40. OPERATING SEGMENTS (CONTINUED)

#### (a) Business Segments (Continued)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Adjustment and Eliminations RM	Per Consolidated Financial Statements RM
<b>30 June 2016</b>						
<b>Assets</b>						
Segment assets	94,144,559	68,379,253	71,049,560	78,165,769	(79,761,061)	231,978,080
Tax recoverable						963,220
Deferred tax assets						2,092,532
Consolidated total assets						235,033,832
<b>Liabilities</b>						
Segment liabilities	14,033,571	37,424,763	38,274,418	17,584,220	(22,704,446)	84,612,526
Deferred tax liabilities						166,414
Provision for taxation						2,449,160
Consolidated total liabilities						87,228,100
<b>Other segment items</b>						
Additions to non- current assets other than financial instruments						
- property, plant and equipment	3,007	601,126	386,750	1,026,829	769,795	2,787,507

## Notes To The Financial Statements

(cont'd)

### 40. OPERATING SEGMENTS (CONTINUED)

#### (a) Business Segments (Continued)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Adjustment and Eliminations RM	Per Consolidated Financial Statements RM
<b>30 June 2015</b>						
<b>Revenue</b>						
External revenue	74,734	73,904,965	19,868,812	34,168,724	–	128,017,235
Inter-segment revenue	10,094,053	13,747,964	965,071	–	(24,807,088)	–
	10,168,787	87,652,929	20,833,883	34,168,724	(24,807,088)	128,017,235
<b>Results</b>						
Results before the following adjustments	7,147,407	3,913,462	1,736,462	6,060,049	–	11,326,687
Depreciation and amortisation	(35,295)	(694,644)	(140,165)	(671,509)	–	(1,541,613)
Allowance for impairment loss on:						
- trade receivables	–	–	(36,000)	–	–	(36,000)
Other non-cash items	–	–	305,509	2,640,914	–	2,946,423
Segment results	7,112,112	3,218,818	1,865,806	8,029,454	(7,530,693)	12,695,497
Net finance income/(cost)	66,985	119,550	(24,667)	(88,456)	–	73,412
Share of result of jointly controlled entity	–	–	–	55,372	–	55,372
Income tax expense	–	(592,330)	(182,802)	(333,485)	–	(1,108,617)
Consolidated profit after taxation for the financial year						11,715,664

## Notes To The Financial Statements

(cont'd)

### 40. OPERATING SEGMENTS (CONTINUED)

#### (a) Business Segments (Continued)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Adjustment and Eliminations RM	Per Consolidated Financial Statements RM
<b>30 June 2015</b>						
<b>Assets</b>						
Segment assets	50,435,502	53,107,199	30,673,753	61,989,225	(45,986,349)	150,219,330
Tax recoverable						2,455,816
Deferred tax assets						311,156
Consolidated total assets						152,986,302
<b>Liabilities</b>						
Segment liabilities	1,043,414	27,030,623	8,450,668	8,848,729	(10,080,120)	35,293,314
Deferred tax liabilities						162,634
Provision for taxation						567,856
Consolidated total liabilities						36,023,804
<b>Other segment items</b>						
Additions to non- current assets other than financial instruments						
- property, plant and equipment	86,507	5,206,523	545,134	1,552,892	769,795	8,160,851



## Notes To The Financial Statements

(cont'd)

### 40. OPERATING SEGMENTS (CONTINUED)

#### (b) Geographical Segment

	Malaysia RM	Singapore RM	Qatar RM	United Arab Emirates, Abu Dhabi RM	Total RM
<b>30 June 2016</b>					
Revenue	174,358,853	48,002,736	–	26,170,184	248,531,773
Non-current assets	40,566,646	1,265,422	–	1,133,577	42,965,645
<b>30 June 2015</b>					
Revenue	89,817,019	28,773,141	6,449,526	2,977,549	128,017,235
Non-current assets	16,532,632	691,628	–	2,711,913	19,936,173

#### (c) Information About Major Customer

The major customer with revenue equal to or more than 10% of the Group revenue is as follows:-

	Segment	Group 2016 RM	2015 RM
Kementerian Kerja Raya Malaysia	Facilities	48,911,529	46,396,127

## Notes To The Financial Statements

### (cont'd)

#### 41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 9 October 2015, the Company acquired 100% equity interest each in Qudotech Sdn. Bhd. ("QSB") and DD Techniche Sdn. Bhd. ("DDT") comprising 750,000 ordinary shares of RM1.00 each in QSB and 500,000 ordinary shares of RM1.00 each in DDT respectively, for a total consideration of RM26,500,00 which will be satisfied by a combination of cash amounting to RM14,850,000 and issuance and allotment of 30,657,895 new ordinary shares of RM0.30 each in the Company at an issue price of RM0.38 per share.
- (b) On 7 March 2016, a wholly owned subsidiary, Ambang Wira Sdn Bhd ("AWSB") executed the Privatisation Agreement with the Government of Malaysia for the provision of building maintenance and support services for Federal Government Buildings ("Contract Buildings") and Future Contract Buildings and for the Critical Asset Refurbishment Programme ("CARP") for Contract Buildings in the Southern Zone and Sarawak Zone ("the Zones") throughout the Renewed Concession Period.

Under the Renewed Concession, AWSB is responsible for the provision of building maintenance and support services on all Contract Buildings. The fee to be received by AWSB to carry out the works under the initial five (5) year period for the Renewed Concession are approximately RM52 million per annum. This fee is to be revised from the sixth (6th) year of the Renewed Concession to RM59 million per annum for the remainder five (5) year period. The total fee to be earned for the services granted under the Renewed Concession over the ten (10) year period amount to approximately RM555 million (excluding the CARP portion).

In the event that the Government builds any new buildings in the Zones, AWSB would then be responsible also for the building maintenance and support services for these Future Contract Buildings at a price to be agreed later.

Under the CARP, AWSB is to undertake repairs, replacement and refurbishments of various critical assets in the Contract Buildings for a total fee of RM140 million over the duration of the Renewed Concession Period. The scope of works and the timing for these works to take place have already been agreed with the Federal Government.

The Concession Period for the Renewed Concession is from 1 January 2016 till 31 December 2025 ("Renewed Concession Period"). AWSB may apply to the Government of Malaysia for an extension of the Renewed Concession Period not later than six (6) months prior to the expiry of the Renewed Concession Period.

## Notes To The Financial Statements

(cont'd)

### 42. SUPPLEMENTARY INFORMATION DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the realised and unrealised retained profits/(accumulated losses) as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained profits/ (accumulated losses):				
- Realised	86,688,091	46,381,479	(20,362,242)	(38,757,884)
- Unrealised	727,291	308,745	–	–
	87,415,382	46,690,224	(20,362,242)	(38,757,884)
Total share of retained profits of jointly controlled entity:				
- Realised	1,123,090	2,694,625	–	–
	88,538,472	49,384,849	(20,362,242)	(38,757,884)
Less: Consolidation adjustments	(65,173,862)	(39,283,337)	–	–
At 30 June 2016/2015	23,364,610	10,101,512	(20,362,242)	(38,757,884)

As At 30 June 2016

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# Analysis Of Shareholdings

As at 30 September 2016

Authorised Capital	:	RM 500,000,000.00
Issued and Fully Paid Capital	:	RM 78,708,216.60
Class of Equity Securities	:	Ordinary Shares of RM0.30 each
Voting Rights by Show of Hand	:	One vote per share
Voting Rights by poll	:	One vote for every share held

## DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	No. of Shares #	%*
Less than 100	1,849	131,480	0.05
100 - 1,000	1,542	836,397	0.32
1,001 - 10,000	2,748	14,983,820	5.78
10,001 - 100,000	1,478	49,630,846	19.16
100,001 - less than 5% of the issued shares	227	114,011,862	44.02
5% and above of the issued shares	1	79,439,517	30.67
<b>Total</b>	<b>7,845</b>	<b>259,033,922</b>	<b>100.00</b>

# Excluding a total of 3,326,800 shares bought back and retained as treasury shares.

## SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2016

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest	No. of Ordinary Shares of RM0.30 each		
		%*	Indirect Interest	%*
K-Capital Sdn Bhd ("K-Cap")	79,442,459	30.67	—	—
Dato' Ahmad Kabeer bin Mohamed Nagoor	8,793,600	3.39	79,442,459 <sup>a</sup>	30.67

Notes:

<sup>a</sup> Deemed interested by virtue of his interest in K-Cap.

## DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2016

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct Interest	No. of Ordinary Shares of RM0.30 each		
		%*	Indirect Interest	%*
Dato' Nik Mod Amin bin Nik Abd Majid	—	—	—	—
Dato' Ahmad Kabeer bin Mohamed Nagoor	8,793,600	3.39	79,442,459 <sup>a</sup>	30.67
Dato' Sulaiman bin Mohd Yusof	100,000	0.04	—	—
N Chanthiran A/L Nagappan	92,000	0.04	—	—

Notes:

<sup>a</sup> Deemed interested by virtue of his interest in K-Cap.

## Analysis Of Shareholdings

As at 30 September 2016

(cont'd)

### 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2016

(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%*
1.	K-Capital Sdn Bhd	79,439,517	30.67
2.	Ignatius Luke Jr Tan Keng Hee	10,900,000	4.21
3.	Ahmad Kabeer bin Mohamed Nagoor	7,793,600	3.01
4.	Zainab binti Abdul Rahman	5,237,900	2.02
5.	Chan Ai Sim	4,270,100	1.65
6.	Tan Kok Sing	3,444,500	1.33
7.	Tan Siew Kheng	3,086,000	1.19
8.	Ho Shu Keong	2,694,200	1.04
9.	Shaul Hamid bin Madar	1,878,100	0.73
10.	Tan Siew Kheng	1,812,112	0.70
11.	Frontvest Holdings Sdn Bhd	1,750,000	0.68
12.	Vibrant Model Sdn Bhd	1,750,000	0.68
13.	Public Nominees (Asing) Sdn Bhd - Pledged Securities Account for Veronica Bong	1,625,000	0.63
14.	Khoo Boon Chong	1,618,300	0.62
15.	Tan Kok Sing	1,579,100	0.61
16.	Slam Resources Sdn Bhd	1,460,000	0.56
17.	Tengen Supplies Sdn Bhd	1,414,900	0.55
18.	Chee Kar Ming	1,356,729	0.52
19.	Lim Chong Chang	1,300,000	0.50
20.	Ho Peng Chong	1,188,000	0.46
21.	Chay Chang Cheng	1,009,900	0.39
22.	Ahmad Kabeer bin Mohamed Nagoor	1,000,000	0.39
23.	Cimsec Nominees (Asing) Sdn Bhd - Exempt AN for CIMB Securities (Singapore) Pte Ltd	1,000,000	0.39
24.	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kok Chew Leng	1,000,000	0.39
25.	RHB Nominees (Tempatan) Sdn Bhd - RHB Islamic International Asset Management Berhad for MAA Takaful Shariah Flexi Fund 2	957,100	0.37
26.	Noor Amin bin Abdul Rahman	917,600	0.35
27.	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Wong Choon Fui	900,000	0.35
28.	Chia Zhen Cong	769,500	0.30
29.	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities account for Askapary A/P T. Rajaratnam	700,000	0.27
30.	RHB Nominees (Tempatan) Sdn Bhd - RHB Islamic International Asset Management Berhad for MAA Takaful Shariah Growth Fund 2	700,000	0.27

\* All percentage shareholding computations are based on the issued and paid-up capital less treasury shares account (3,326,800 shares) arising from the share buy back exercise.

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of AWC BERHAD (“the Company”) will be held at Ballroom I & II, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Monday, 28 November 2016 at 9.30 a.m. to transact the following businesses:-

## AGENDA

### As Ordinary Business:

- |   |                                 |
|---|---------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2016 together with the Reports of the Directors and Auditors thereon.   | <b>PLEASE REFER TO NOTE (i)</b> |
| 2. To approve the payment of Directors' fees for the financial year ended 30 June 2016.   | <b>ORDINARY RESOLUTION 1</b>    |
| 3. To approve the payment of a Final Single-Tier Dividend of 1.0 sen per ordinary share for the financial year ended 30 June 2016.  | <b>ORDINARY RESOLUTION 2</b>    |
| 4. To re-elect Mr. N Chanthiran A/L Nagappan as Director who retires by rotation in accordance with Article 103 of the Company's Articles of Association.   | <b>ORDINARY RESOLUTION 3</b>    |
| 5. To re-appoint Messrs. Morison Anuarul Azizan Chew as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. | <b>ORDINARY RESOLUTION 4</b>    |

### As Special Business:

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

- |  |                              |
|--|------------------------------|
| 6. <b>CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR - DATO' SULAIMAN BIN MOHD YUSOF</b>   | <b>ORDINARY RESOLUTION 5</b> |
| <p>“THAT approval be and is hereby given to Dato' Sulaiman Bin Mohd Yusof who would have served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years on 9 January 2017, to continue to act as an Independent Non-Executive Director of the Company pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012.”</p>  |                              |
| 7. <b>CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR - N. CHANTHIRAN A/L NAGAPPAN</b>  | <b>ORDINARY RESOLUTION 6</b> |
| <p>“THAT subject to the passing of Ordinary Resolution 3, approval be and is hereby given to Mr. N Chanthiran A/L Nagappan who would have served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years on 9 January 2017, to continue to act as an Independent Non-Executive Director of the Company pursuant to Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012.”</p> |                              |

## Notice of Annual General Meeting

(cont'd)

### 8. GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

#### ORDINARY RESOLUTION 7

“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 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.”

### 9. RENEWAL OF THE AUTHORITY FOR THE SHARE BUY-BACK BY THE COMPANY (“PROPOSED RENEWAL”)

#### ORDINARY RESOLUTION 8

“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; and
- iii. the Shares purchased are to be treated in any of the following manners:-
  - 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.



## Notice of Annual General Meeting (cont'd)

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."

### 10. **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

### **SPECIAL RESOLUTION 1**

"THAT the proposed amendments to the Articles of Association of the Company as set out in the "Appendix A" annexed to the Company's Annual Report for the financial year ended 30 June 2016 be and are hereby approved and adopted AND THAT the Directors and/or Secretaries of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company."

11. To transact any other business of which due notice shall have been given in accordance with the Act.

## Notice of Annual General Meeting (cont'd)

### NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS ALSO HEREBY GIVEN** that a Final Single-Tier Dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2016, if approved by the shareholders at the Fifteenth Annual General Meeting of the Company, will be paid on 10 January 2017 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 16 December 2016.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- i. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 16 December 2016 in respect of ordinary transfers; and
- ii. Shares bought on the Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By order of the Board

**TEA SOR HUA (MACS 01324)**  
**YONG YEN LING (MAICSA 7044771)**  
 Company Secretaries

Petaling Jaya, Selangor Darul Ehsan  
 28 October 2016

### Notes:

- i. The Agenda No. (1) is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require formal approval of shareholders. Hence, Agenda No. (1) is not put forward for voting.
- ii. A member of the Company who is entitled to attend and vote at the Fifteenth Annual General Meeting ("Meeting") is entitled to appoint up to two (2) proxies to attend and vote at the Meeting. Where a member 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 Sections 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. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- vi. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- vii. To be valid, the instrument appointing a proxy must be deposited at the registered office of the Company situated at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.

## Notice of Annual General Meeting (cont'd)

- viii. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 66(c) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 21 November 2016. Only members whose name appears in the Record of Depositors as at 21 November 2016 shall be entitled to attend the Meeting and to speak and vote thereat.

### EXPLANATORY NOTES TO SPECIAL BUSINESS

#### 1. Items 6 and 7 of the Agenda

The Nomination Committee of the Company has assessed the independence of Dato' Sulaiman Bin Mohd Yusof and Mr. N Chanthiran A/L Nagappan respectively, both of whom would have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years on 9 January 2017, and recommended them to continue to act as Independent Non-Executive Directors of the Company. The justifications are stated in the Corporate Governance Statement of the Annual Report for the financial year ended 30 June 2016.

#### 2. Item 8 of the Agenda

The Ordinary Resolution 7 proposed under item 8 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Companies Act, 1965. The Ordinary Resolution, if passed, will give the Directors of the Company from the date of the above meeting, authority to allot and issue ordinary shares of up to ten per cent (10%) of the issued and paid up capital of the Company at that point in time. The new shares to be issued would be issued from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The authority will, unless revoked or varied by the Company in General Meeting, expire at the next AGM.

This general mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Fourteenth AGM held on 23 November 2015 which will lapse at the conclusion of the Fifteenth AGM.

#### 3. Item 9 of the Agenda

The Ordinary Resolution 8 proposed under item 9 of the Agenda 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 utilising 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 28 October 2016 for further details.

#### 4. Item 10 of the Agenda

The Special Resolution 1 proposed under item 10 of the Agenda is to streamline the Company's Articles of Association with the recent amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

# APPENDIX A

## Proposed Amendments To The Articles Of Association Of The Company

The Articles of Association of the Company are proposed to be amended in the following manner:-

Article No.	Existing Article	Proposed Amendment
79	<p>(1) At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) called for:-</p> <p>(a) by the Chairman; or</p> <p>(b) by at least three (3) members present in person or by proxy;</p> <p>(c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or</p> <p>(d) by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid on all the shares conferring that right. Provided that no poll shall be demanded on the election of a Chairman of a meeting or on any question of adjournment.</p> <p>Provided that no poll shall be demanded on the election of a chairman of a meeting or on any question of adjournment.</p> <p>(2) Unless a poll is so demanded a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. The demand for a poll may be withdrawn.</p>	<p>Subject to the Listing Requirements, at any general meeting all resolutions set out in the notice of such general meeting or a resolution put to vote of the meeting shall be decided by poll. Every Member present in person or by proxy or attorney or representative shall have one vote for each share he holds.</p> <p>The poll may be conducted manually using voting slips or electronically using various forms of electronic voting devices. Such votes shall be counted by the poll administrator, and validated at least by one scrutineer.</p>

## APPENDIX A

### Proposed Amendments To The Articles Of Association Of The Company (cont'd)

Article No.	Existing Article	Proposed Amendment
80	If a poll is duly demanded it shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman directs, and the result of the poll shall be the resolution of the meetings at which the poll was demanded. The Chairman may (and if so directed by the meeting shall) appoint scrutineers for the purpose of a poll, and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the results of the poll.	The poll shall be taken in such manner and either at once or after an interval or adjournment or otherwise as the Chairman of the meeting directs, and the result of the poll shall be the resolution of the meeting.
86	In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.	In the case of an equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote.
98	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company, or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company, or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting.

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# PROXY FORM

**AWC BERHAD**  
**(550098-A)**  
**(Incorporated in Malaysia)**

I/We \_\_\_\_\_ NRIC/Company No. \_\_\_\_\_  
(full name in capital letters)

of \_\_\_\_\_  
(full address)

being (a) member(s) of AWC BERHAD hereby appoint \_\_\_\_\_

\_\_\_\_\_ NRIC No. \_\_\_\_\_  
(full name in capital letters)

of \_\_\_\_\_  
(full address)

and/or\* \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(full name in capital letter)

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 Fifteenth Annual General Meeting of the Company to be held at Ballroom I & II, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Monday, 28 November 2016 at 9.30 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.	Ordinary Resolution	For	Against
1.	To approve the payment of Directors' fees for the financial year ended 30 June 2016.		
2.	To approve the payment of a Final Single-Tier Dividend.		
3.	To re-elect Mr. N Chanthiran A/L Nagappan as Director who retires pursuant to Article 103 of the Company's Articles of Association.		
4.	To re-appoint Messrs. Morison Anuarul Azizan Chew as Auditors of the Company.		
5.	To retain Dato' Sulaiman Bin Mohd Yusof as Independent Non-Executive Director.		
6.	To retain Mr. N Chanthiran A/L Nagappan as Independent Non-Executive Director.		
7.	To authorise the Directors to allot shares pursuant to Section 132D of the Companies Act, 1965.		
8.	To approve the renewal of authority for the Share Buy-Back by the Company.		
<b>Special Resolution</b>			
1.	To approve the proposed amendments to the Articles of Association of the Company		

\* delete whichever not applicable

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

<b>CDS Account No.</b>	
<b>Number of Shares Held</b>	

\_\_\_\_\_  
Signature of Member(s)/Common Seal

Percentage of shareholdings to be represented by the proxies:		
	No. of shares	%
<b>Proxy 1</b>		
<b>Proxy 2</b>		
<b>TOTAL</b>		<b>100</b>

## NOTES:

- A member of the Company who is entitled to attend and vote at the Fifteenth Annual General Meeting ("Meeting") is entitled to appoint up to two (2) proxies to attend and vote at the Meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
- A proxy may but need not be a member of the Company and the provisions of Sections 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- To be valid, the instrument appointing a proxy must be deposited at the registered office of the Company situated at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.
- For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 66(c) of the Company's Articles of Association to issue a General Meeting Record of Depositors as at 21 November 2016. Only members whose name appears in the Record of Depositors as at 21 November 2016 shall be entitled to attend the Meeting and to speak and vote thereat.



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AFFIX  
STAMP

**The Company Secretary**  
**AWC BERHAD (550098-A)**  
c/o Cospec Management Services Sdn Bhd  
Third Floor, No. 79 (Room A),  
Jalan SS21/60, Damansara Utama,  
47400 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia

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