



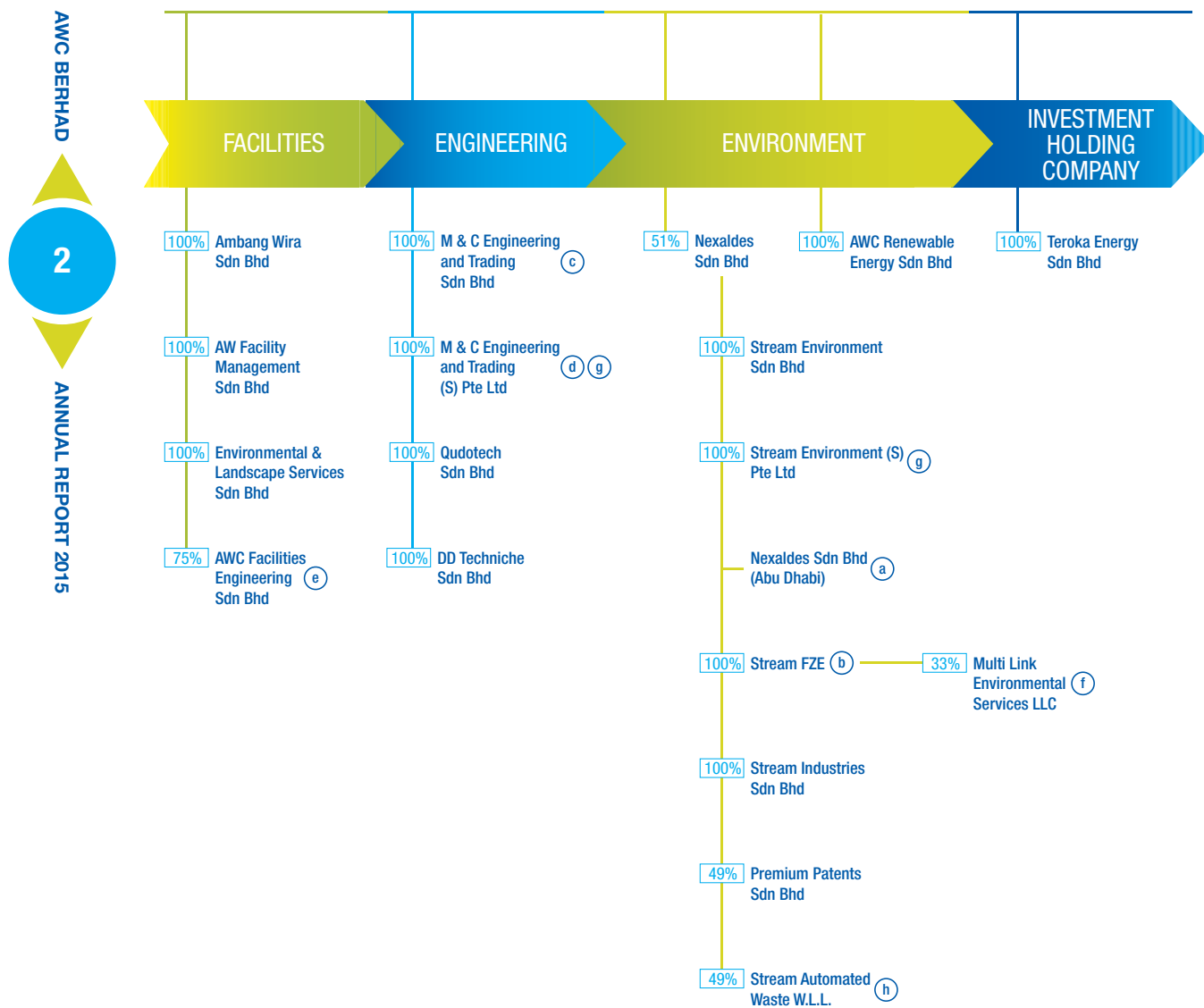
**2015 ANNUAL REPORT**

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# GROUP STRUCTURE

As At 21 October 2015



- (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

# FINANCIAL HIGHLIGHTS

## FINANCIAL YEAR ENDED 30 JUNE

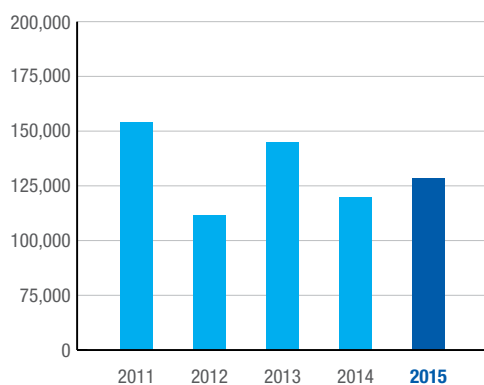
### Statement of Comprehensive Income Highlights:

	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
Revenue	153,902	111,225	145,000	119,506	128,017
Profit From Operations	16,697	4,498	9,311	13,223	12,695
Profit Before Taxation	16,430	4,609	9,715	13,753	12,769
Net Profit For The Financial Year	13,751	5,156	5,588	9,960	11,716
Net Profit Attributable to Owners of The Company	8,266	3,206	4,555	6,952	8,082
Earnings Per Share (sen)					
- continuing operations	3.7	3.0	2.0	3.1	3.6
- discontinued operations	-	(1.5)	-	-	-
Gross Dividend Per Share (sen)	2.0	1.5	2.5	-	-

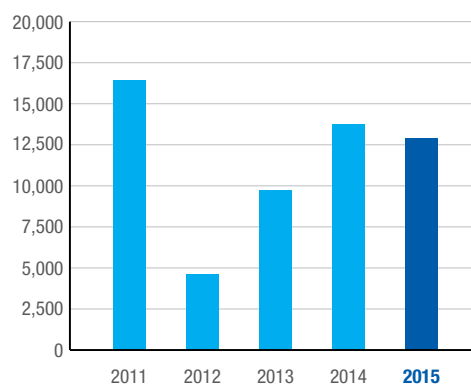
### Statement of Financial Position Highlights:

Share Capital	68,604	68,604	68,604	68,604	68,604
Shareholders' Equity	71,512	72,028	71,130	79,012	91,597
Total Assets	167,602	146,988	155,332	148,309	152,986
Debt/Equity Ratio	0.10	0.11	0.07	0.04	0.02
Current Ratio	2.1	3.0	2.5	3.6	4.1
Net Assets Per Share (sen)	31.7	32.0	31.6	35.1	40.6

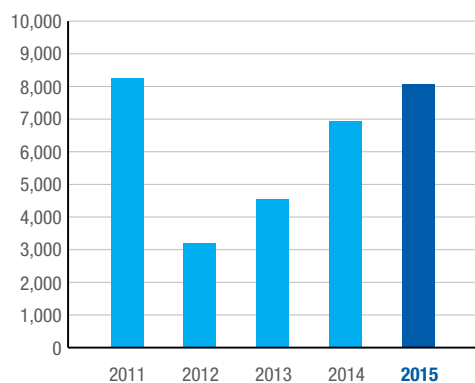
REVENUE (RM'000)



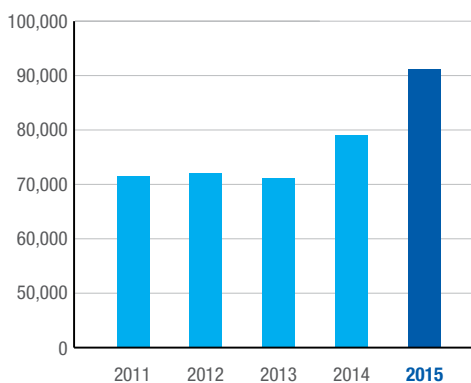
PROFIT BEFORE TAXATION (RM'000)



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



SHAREHOLDERS' EQUITY (RM'000)



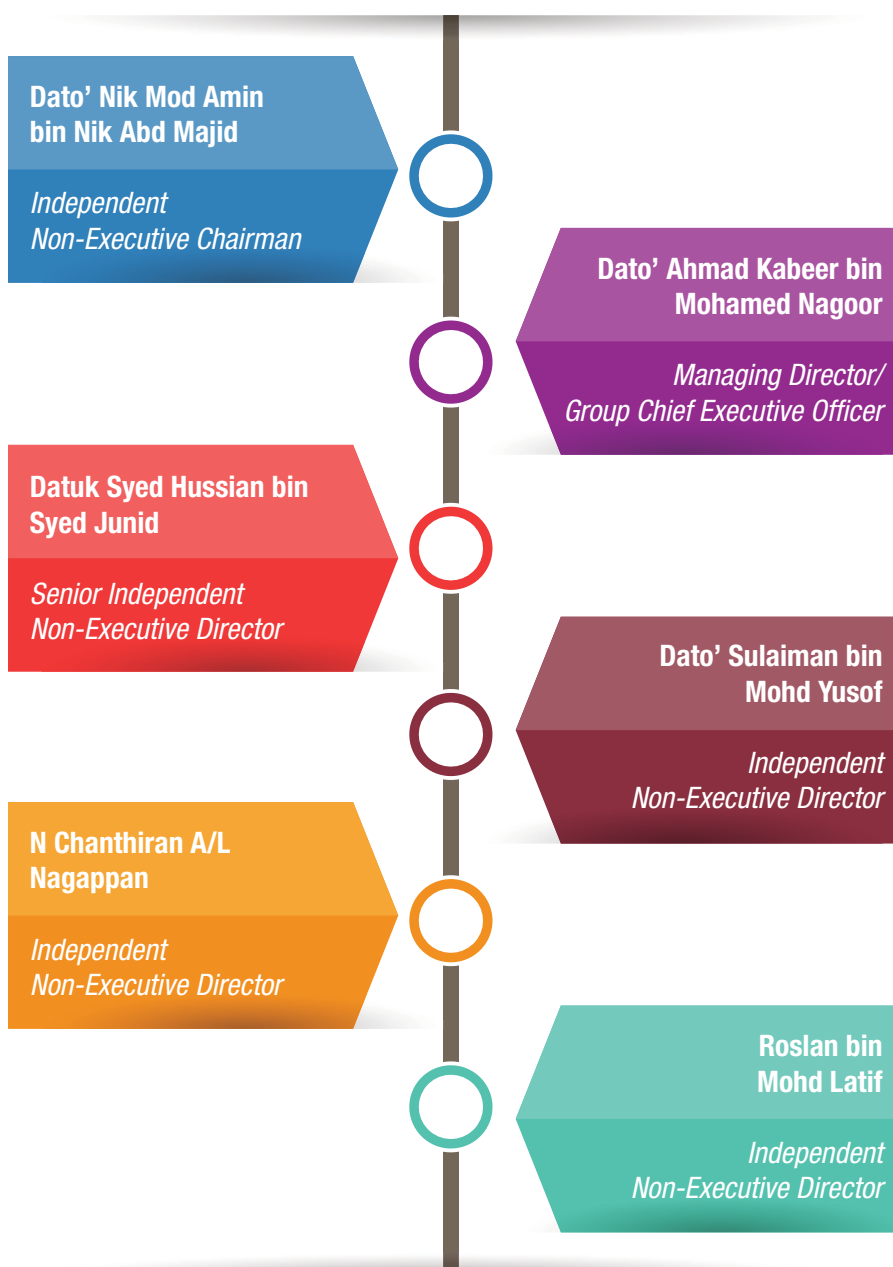
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AWC BERHAD



## BOARD OF DIRECTORS



# CORPORATE INFORMATION

... continued

## AUDIT COMMITTEE

Dato' Sulaiman bin  
Mohd Yusof  
*Chairman*

Roslan bin Mohd Latif

N Chanthiran A/L Nagappan

## COMPANY SECRETARIES

Tea Sor Hua  
(MACS 01324)

Yong Yen Ling  
(MAICSA 7044771)

## AUDITORS

Morison Anuarul Azizan Chew  
Chartered Accountants  
(AF: 001977)

## NOMINATION COMMITTEE

Datuk Syed Hussian bin  
Syed Junid  
*Chairman*

Dato' Nik Mod Amin bin  
Nik Abd Majid

Roslan bin Mohd Latif

## 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

## SHARE REGISTRAR

Tricor Investor 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

## REMUNERATION COMMITTEE

Datuk Syed Hussian bin  
Syed Junid  
*Chairman*

Dato' Nik Mod Amin bin  
Nik Abd Majid

Dato' Sulaiman bin Mohd Yusof

## 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

## PRINCIPAL BANKERS

Malayan Banking Berhad

AmBank (M) Berhad

HSBC Bank Malaysia Berhad

## EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Dato' Ahmad Kabeer bin  
Mohamed Nagoor  
*Chairman*

N Chanthiran A/L Nagappan

Tevanaigam Randy Chitty

## STOCK EXCHANGE LISTING

Main Market of the  
Bursa Malaysia Securities Berhad

Stock Name: AWC  
Stock Code: 7579

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AWC BERHAD



**N CHANTHIRAN  
A/L NAGAPPAN**

*Independent Non-Executive  
Director*



**DATO' SULAIMAN  
BIN MOHD YUSOF**

*Independent  
Non-Executive Director*

**DATO' AHMAD KABEER  
BIN MOHAMED NAGOOR**

*Managing Director/  
Group Chief Executive Officer*

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

*Independent Non-Executive  
Chairman*

# BOARD OF DIRECTORS

**ROSLAN BIN  
MOHD LATIF**

*Independent  
Non-Executive Director*



**DATUK SYED HUSSIAN  
BIN SYED JUNID**

*Senior Independent  
Non-Executive Director*

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# DIRECTORS' PROFILE

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

*Independent Non-Executive Chairman*

Dato' Nik Mod Amin bin Nik Abd Majid, a Malaysian, aged 62, was appointed to the Board on 1 September 2009 as an Independent Non-Executive Chairman. He is also a member of the 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 also has more than 25 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 is also currently a Board Member of Universiti Utara Malaysia.

## **DATO' AHMAD KABEER BIN MOHAMED NAGoor**

*Managing Director/Group Chief Executive Officer*

Dato' Ahmad Kabeer bin Mohamed Nagoor, a Malaysian, aged 58 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 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.

## **DATUK SYED HUSSIAN BIN SYED JUNID**

*Senior Independent Non-Executive Director*

Datuk Syed Hussian bin Syed Junid, a Malaysian, aged 54 was appointed to the Board as an Independent Non-Executive Director on 5 September 2011. On 29 May 2013, Datuk Syed Hussian was designated as Senior Independent Non-Executive Director. He is the Chairman of the Nomination Committee and Remuneration Committee of the Company.

Datuk Syed Hussian started his career with The American Malaysian Insurance Sdn Bhd as a Trainee Executive in 1982. In 1986, he was promoted as the Penang Branch Manager. Later in 1989, he was promoted as the Regional Manager covering Penang, Perlis, Kedah and Perak.

Currently he is the Senior Director of Business Operations & Sales Support for Asia in Western Digital Sdn Bhd, a company involved in the manufacturing of hard disk drives. He also sits on the board of various other private limited companies.

Datuk Syed Hussian also sits on the Board of Tanjung Offshore Berhad.

## **DATO' SULAIMAN BIN MOHD YUSOF**

*Independent Non-Executive Director*

Dato' Sulaiman bin Mohd Yusof, a Malaysian, aged 64 was appointed to the Board on 9 January 2008 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and a member of the Remuneration 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, aged 51 was appointed to the Board on 9 January 2008 as an Independent Non-Executive Director. He is 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 20 years of corporate finance experience in the areas of listing, financial and corporate restructuring, mergers and acquisitions. He was appointed to the Board of Magna Prima Berhad in 2002 where he served as one of the Directors until March 2005 upon which he was appointed as Chief Operating Officer. He 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.

#### **ROSLAN BIN MOHD LATIF**

*Independent Non-Executive Director*

En. Roslan bin Mohd Latif, a Malaysian, aged 60 was appointed to the Board as an Independent Non-Executive Director on 26 February 2007. He is a member of the Audit Committee and Nomination Committee of the Company.

En. Roslan obtained a Diploma from ITM in 1977 before pursuing a Bachelor and Masters Degree in the United States from 1979 to 1983. He attended the Advanced Management Program in Denver, Colorado in 1985, Advanced Masters in Business Practice in University of South Australia in 2010 and the Harvard ASEAN Senior Management Development Program in 2014.

En. Roslan has more than 32 years working experience in marketing, education, project management and training with several organisations namely Majlis Amanah Rakyat (MARA), Permodalan Nasional Berhad (PNB), Kontena Nasional Berhad, MESB Berhad, Global Fabricators and Warisan Movers.

En. Roslan sits as an Independent Director in TH Heavy Engineering Berhad, Board of Trustee of ALMA Education Foundation, Board of Trustee of Yayasan Kumpulan Utusan and President of ALMA. He was the Media Advisor to the Minister of Communication and Multimedia Malaysia until June 2014.

#### **Note:-**

1. *None of the above Directors have family relationship with any Directors 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 our Directors have personal interest in any business arrangement involving our Group except as disclosed in the financial statements for the financial year ended 30 June 2015.*
3. *All the Directors have had no convictions for offences other than traffic offences in the past ten years.*

## CHAIRMAN'S STATEMENT

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**Dear Shareholders,**

On behalf of the Board of Directors (“Board”) of AWC Berhad (“AWC” or “the Company”) and its subsidiaries (“the Group”) I am pleased to present the Annual Report and financial statements for the financial year ended 30 June 2015 (“FYE 2015”). For the financial year under review, the Group registered an improvement in revenue and earnings albeit facing an uncertain economic period, with depressed oil prices and uncertain foreign exchange rates facing us.



The Xiamen University site where M & C Engineering & Trading Sdn Bhd is currently undertaking the air conditioning works for Phase 1.

## FINANCIAL REVIEW

For FYE 2015, the Group registered revenue of RM128.0 million as compared to RM119.5 million in the previous financial year. Group revenue has increased primarily due to an improved performance in the Facilities Division, where additional contracts were secured in the Commercial segment. This was partly offset by a slight drop in revenue earned in the Engineering Division.

Earnings of the Group for FYE 2015 at RM12.8 million showed a slight dip against 2014 of RM13.7 million. This drop despite healthier revenues earned was largely caused by additional costs encountered in the Facilities Division, where start up and mobilization costs were incurred in several new maintenance contracts undertaken in the Commercial segment.

Despite the slight drop in pre-tax earnings, post-tax earnings however showed an increase from RM9.9 million in 2014 to RM11.7 million (a RM1.8 million or 18% increase) in FYE 2015. This was due to the utilization of unabsorbed tax losses in the Facilities Division in the current year, resulting in tax savings.

The major contributor to the current year's performance was the Environment Division with a post tax profit of approximately RM7.6 million, followed by the Facilities Division (RM2.8 million) and Engineering Division (RM1.7 million).

As a consequence, the Group generated a higher profit attributable to shareholders for 2015 at RM8.1 million, a RM1.1 million or 16% increase from 2014 of RM6.9 million. On a per share basis, Earnings Per Share ("EPS") has improved from 3.1 sen per share in 2014 to 3.6 sen per share in 2015. Further, reflective of our sound financial performance, Net Asset per share has increased from 35 sen in 2014 to 41 sen in 2015.

Our cash in hand at the end of the financial year remained healthy, at RM53.5 million compared to RM43.3 million in 2014. This financial year also marked the first time that shareholders equity has crossed the RM90 million mark, to RM91.6 million.



# CHAIRMAN'S STATEMENT

... continued

## OPERATIONAL HIGHLIGHTS

### Facilities Division

Revenue for the year in the Facilities Division has shown an improvement, brought about by the securing of several new contracts in the Commercial segment during the year. These new contracts include Bank Negara Malaysia (from January 2015), Celcom Axiata Berhad (July 2014) and Herriot Watt University (August 2014). The securing and execution of these contracts during the year under review represents managements' drive towards increasing the contribution of the Commercial segment in terms of revenues and profits to the Division's and the Group's financial performance. This drive continues into the subsequent financial year with the commencement of other new contracts under the Commercial segment.

Under the Concession segment, we expect imminently to sign an interim agreement for the provision of Facility Management Services to all buildings covered under the Concession from 1 September 2015 till 31 December 2015. This interim agreement will be signed in continuance of the earlier interim agreement which expired on 31 August 2015. We expect the new Concession Agreement (for which we obtained approval from the Government for the maintenance of all Federal Government buildings and facilities in our respective zones) to be signed by the end of the current interim agreement.

### Environment Division

STREAM Automated Waste Collection System ("STREAM AWCS") projects undertaken by this Division continue to progress well. Work done here experienced some minor delays caused by project owners or main contractors, but these are expected to catch up over the next financial year. Also, these delays are caused by external factors (not due to us), and are not expected to impact us negatively.

During the year, we completed several significant projects, including the Icon Residences project for the Mah Sing Group in Kuala Lumpur. In Johor, we completed the Puteri Harbour by UEM as well as the Tropez project by Tropicana, both high end residential developments. In Singapore, we continue to add to our resume, notably with the completion of our Waste and Laundry Collection System installed in the Integrated Building in the Changi General Hospital. In the Lion City, we also completed and handed over the AWCS for the H<sub>2</sub>O Residences and the Meyerise Condominium developments.

Our ongoing efforts to improve our order book have seen us securing several projects over the financial year under review. These include mixed development projects including the KL Ecocity development by SP Setia Group and high end residential condominiums like The Loft in Penang.

In Singapore our work for the Changi General Hospital continues, with the securing of the project for the installation of the AWCS in the Medical Centre building. We have once again been awarded another Terminal Building for Changi Airport, this time for the new Terminal 4. This shows a continued commitment to STREAM that also supplied the system for Terminal 3. Our maiden foray into the Housing Development Board ("HDB") in Singapore has also kicked off with us securing the Tampines North project where we will install the AWCS for the entire residential complex.

In the Middle East, we are still in the process of carrying out work in the Al Raha Beach project for Aldar as we work towards completing the new In-Plot projects. Our customers here continue to place their faith in us and work with us. They have recently awarded us the Phase 2 works for the Infrastructure Design as well as for the installation of four (4) AWCS modules to bring to seven (7) the total number of modules serving this large prestigious development.

Our exposure into airports and supporting infrastructure continues with the award to STREAM for the implementation of the AWCS for the Cathay Pacific Catering Centre Phase 2 in Hong Kong. This project announces our presence in Hong Kong, and gives us a launch pad for STREAM products into Mainland China's rapidly growing market.

This Division has also diversified our income base recently. We have increased our recurring income base with the securing of the Operations and Maintenance ("O&M") for the majority of the projects that we have delivered. Going forward as our products become more mainstream, we intend to further increase our O&M income to ensure our systems continue to run efficiently and cost effectively well into the future.

This Division expects to remain busy in the next financial year as we carry out projects currently in progress as well as to implement projects already secured. Meanwhile, we continuously seek to build our order book both locally and globally. In looking at our expansion plans however, we exercise prudence and caution to ensure timely delivery to our customers, maximizing returns whilst minimizing risk and exposure.

# CHAIRMAN'S STATEMENT

... continued

## Engineering Division

The Engineering Division has had several interesting developments during the year under review. The traditional business under this Division has seen increased competitiveness and a dwindling of revenues and margins. Our Singapore branch has also been affected by the tougher conditions. However, the Singapore branch showed an increase in pre-tax earnings despite a drop in revenues. Performance in Singapore was also aided by the weakening of the Ringgit against the Singapore Dollar.

During the financial year, we took on new air conditioning projects. Under these projects, the Division is responsible for all air conditioning works therein. In April 2015 we undertook the Xiamen University project in Dengkil, Selangor. We also recently accepted the award of an air conditioning project for the Capital 21 project in the state of Johor, which will commence during the final quarter of the calendar year 2015. In both these projects we are responsible for all matters to do with the air conditioning systems. Our team in the Xiamen University project closely monitors project progress, project costing and actively identifies and resolves any issues that may arise.

On 1 October 2015, the shareholders of AWC approved the acquisition of the entire equity interest in Qudotech Sdn Bhd ("Qudotech") and DD Techniche Sdn Bhd ("DDT"). These companies became wholly owned subsidiaries of AWC soon thereafter.

Qudotech boasts a long and impressive history as a premium plumber in the construction industry. It has undertaken many significant plumbing jobs for high rise buildings, such as hotels, condominiums, offices and hospitals.

DDT is one of only four players involved in the selling and distributing of Rainwater Harvesting Components and Products ("RHCP"). DDT holds the exclusive distributorship from two foreign parties for the RHCP's it provides. DDT designs, sells and installs the RHCPs for all manner of buildings. In 2011, the Federal Government gazetted a law requiring the incorporation of Rainwater Harvesting Systems in all relevant buildings. Six states in Malaysia have incorporated the requirements under this law into local council building bylaws. Under these local council bylaws, new buildings of a certain size (determined by roof size) will require the incorporation of a Rainwater Harvesting System. DDT is well poised to take advantage of the increased implementation of these bylaws.

## BUSINESS REVIEW

The year 2015 has been an eventful year. The introduction of the Eleventh Malaysia Plan ("11MP"), the many economic issues facing Malaysia, the drop in oil prices as well as the sharp drop in foreign currency exchange rates are some of the main issues and challenges for our country and our nation's leaders. This includes addressing higher prices and inflationary pressures brought upon by the introduction of the Goods and Services Tax ("GST") in April 2015.

Despite the challenges as outlined, the national economy is still expected to achieve a 5% growth, largely driven by the Government initiative in rolling out the 11MP. This roll out plan will likely attempt to address the above mentioned issues in the national economy.



*The Quadro project in Kuala Lumpur, where Qudotech handled all their plumbing works.*



# CHAIRMAN'S STATEMENT

... continued

## OUTLOOK

The challenges faced by us in the preceding year are expected to continue into the following year. The drop in oil prices, drop in foreign exchange rates and the overwhelming economic and political issues facing the country are expected to influence economic direction not just for Malaysia but also for regional and global economies.

### Facilities Division

We have shown an increase in the contributions from the Commercial segment towards our financial performance. Our efforts continue to improve this further, in continuing to seek out new contracts, and working towards extending or renewing contracts that are expected to expire soon. We have delved deeper into the Healthcare sector with the commencement of a new contract for the maintenance of government clinics in the Johor state in July 2015. We aim to continue our efforts in this area.

The execution of the new Concession Agreement is expected to take place very soon. Once executed this contract will ensure a steady revenue stream for the Group throughout the concession period.

### Environment Division

Our focus in this Division is to continue to build our order book and to ensure the timely progress and completion of projects in hand. We will continue to monitor these closely. Also we are continuously increasing our O&M activities to improve the contribution here. In addition, we continue to review and assess prospects and opportunities outside of Malaysia, and to ascertain opportunities to improve our product offering.

### Engineering Division

The Engineering Division will feature as a key component of the AWC Group in the immediate term. The foray into air conditioning contracting will see the completion of a major contract in the final quarter of calendar year 2015, and this will be coupled with the commencement of a new project during that same time.

Concurrently, the recent completion of the acquisitions of Qudotech and DDT represents a new chapter for the AWC Group. We will focus on carrying out works under the contracts secured for plumbing services in the next two years. In addition, we will intensify our efforts at cross selling opportunities for Qudotech and DDT with our existing clientele under the Facilities and Environment Divisions. As part of the acquisition, the vendors of Qudotech and DDT have provided a collective profit guarantee of RM3.9 million per annum for the two financial years ending 30 June 2017.

With Qudotech, we aim to be a leading Bumiputra plumber, with a strong order book which we intend to supplement further.

## DIVIDEND

The impending execution of the new Concession Agreement, the continual seeking of new business opportunities in our Environment Division, the recently completed acquisition of the new subsidiaries namely Qudotech and DDT and the expansion of our Engineering Division into air conditioning works requires that we map out carefully our expansion plans over the next few years. We will channel our existing resources towards achieving our plans for the future. In this light, the Directors have not recommended the payment of any dividend for FYE 2015.

These expansion plans will see the improved financial footing of the AWC Group, and we expect this to be reflected in the financial performance as well as in the share price for AWC.

## CONTRIBUTIONS TO SOCIETY

AWC Group continues to be active in contributing to society through contributions and donations to charitable organisations and social welfare groups. The group intends to consistently continue with this effort and hopes to streamline and intensify its efforts in this area. This may be in the form of establishing relevant foundations or scholarships in fields related to our industry.

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.

# CHAIRMAN'S STATEMENT

... continued

## HUMAN CAPITAL DEVELOPMENT

Human Capital is a key element of our Group. Our Group employs approximately 1250 employees throughout the various Divisions and subsidiaries, including abroad in Singapore and the Middle East. This includes the employees of Qudotech and DDT, where we are taking active steps to integrate them into the AWC Group.

The challenges faced by us in this area are succession planning and the implementation of policies and procedures throughout the Group which reflect our core values and beliefs. For example we have taken steps to integrate the employees of Qudotech and DDT into the AWC culture.

For succession planning, we continue to build our staff force with a view towards creating a solid layer of second and third liners in all that we do, to ensure a smooth progression as time goes by.

We put in place the appropriate human resource policies for the attraction, hiring, remuneration, retention and review of the performance of all employees in the Group. These policies are continuously reviewed and fine tuned to suit our human resource needs.

The shareholders also recently (on 1 October 2015) approved the implementation of an Employee Share Option Scheme ("ESOS") which is intended as a tool to attract and retain our employees.

## NOTES OF APPRECIATION

On behalf of the Board I wish to place on record my sincere gratitude to our customers, our bankers and business associates for their continuous support and confidence in the Group. In particular I also convey my heartfelt appreciation to the Malaysian Government and other authorities for their support and confidence in us. We aim to repay your faith and support with our commitment to excellence.

I further take this opportunity to thank my fellow Board members for their continued business insight, invaluable thoughts and contributions towards the general direction and well being of the AWC Group.

My credits go out to everyone in the Group for their sacrifice and commitment in striving for excellence in all that they do, and also for delivering stronger earnings for FYE 2015. I take pleasure also in welcoming the employees of Qudotech and DDT into the AWC fold.

Last but not least, I wish to extend my sincere appreciation to our shareholders for entrusting us with the stewardship of the Company as we continue to spearhead the Group.

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

*Chairman*

21 October 2015



*The KL Eco City 1 Project, where our STREAM AWCS will be installed.*

# MANAGEMENT DISCUSSION & ANALYSIS

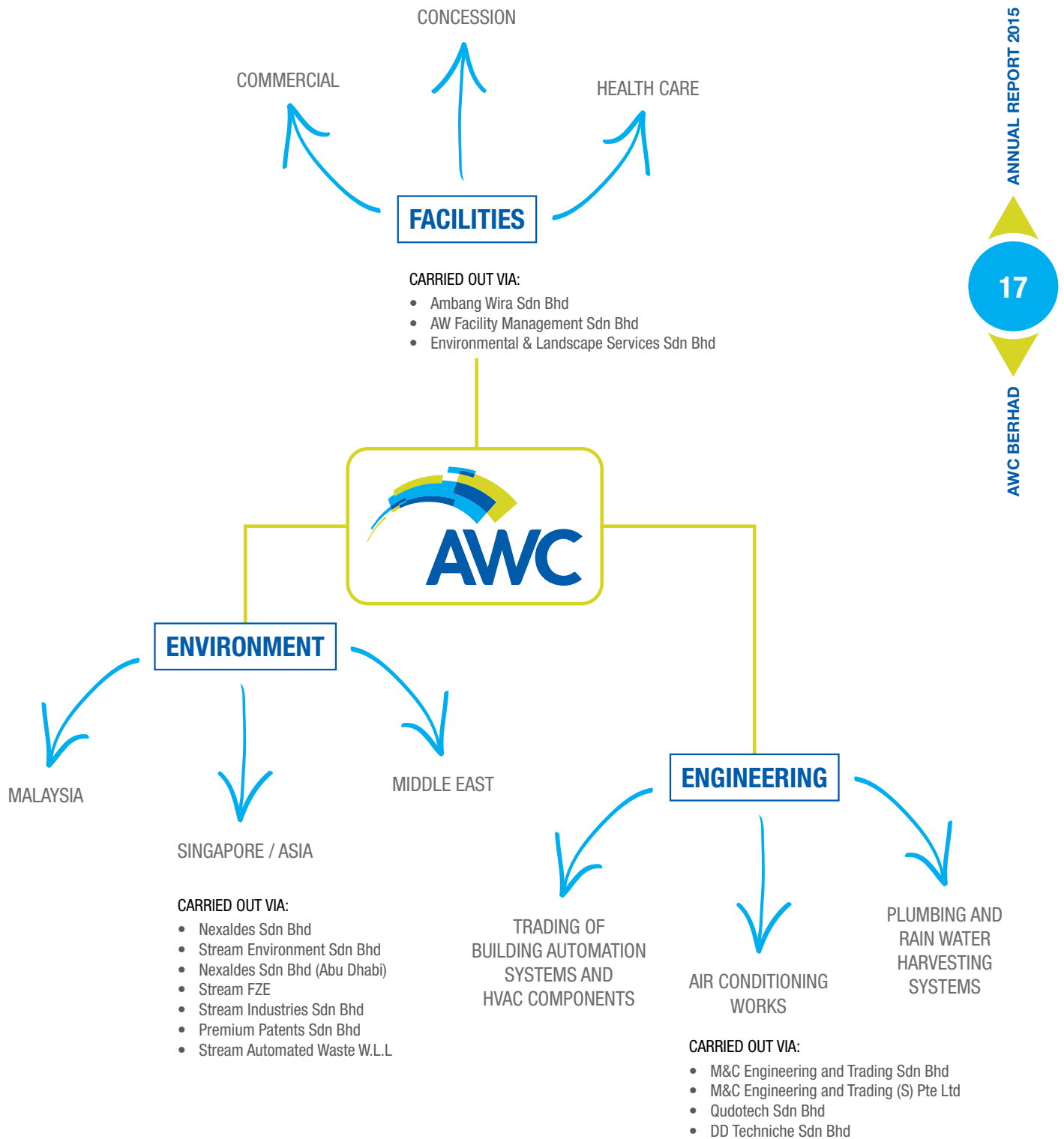
## OVERVIEW OF BUSINESS & OPERATIONS

AWC Berhad (“AWC” or “the Company”) is an investment holding company specialising in quality engineering services with three core activities undertaken by its subsidiaries (collectively, “the AWC Group” or “the Group”) 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.</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 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, Hong Kong and the Middle East.</p> <p>This Division also undertakes operations and maintenance (“O&amp;M”) services of its STREAM AWCS for its clientele.</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>This Division has recently expanded with the completion of the acquisition of two new companies, namely Qudotech Sdn Bhd (“Qudotech”) and DD Techniche Sdn Bhd (“DDT”). Qudotech is a renowned player in the plumbing industry, having been active in the field since 1995 and also having undertaken several significant projects since then. 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 (M) Sdn Bhd, M&amp;C (S) Engineering and Trading Pte Ltd, Qudotech Sdn Bhd and DD Techniche Sdn Bhd.</p>

# MANAGEMENT DISCUSSION & ANALYSIS

... continued



# MANAGEMENT DISCUSSION & ANALYSIS

... continued

## OBJECTIVES & STRATEGIES

The Group's long term objective is to be a leading, Malaysian-grown, engineering services group in Asia. 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 subsidiary and Division. We also look at the future outlook and prospects of the respective Division and steps to be taken to best face the future.
- 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 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 project pipe line (i.e. potential projects) and cross-selling opportunities within the Group.

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

## REVIEW OF FINANCIAL RESULTS AND OPERATING ACTIVITIES

### The Group

Group Revenue has shown a steady increase from 2014, improving by approximately RM9 mil (7%) from RM119 mil to RM128 mil. This increase is attributable to several new contracts undertaken under the Facilities Division during the year.

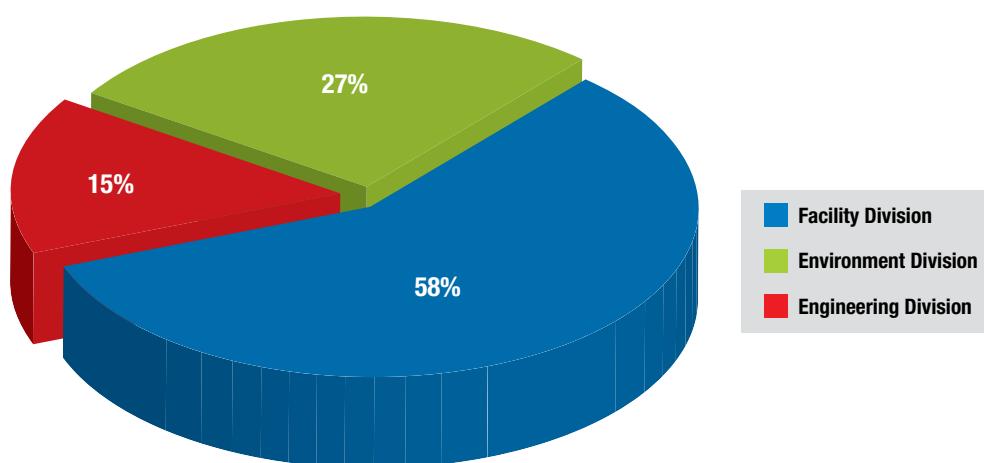
# MANAGEMENT DISCUSSION & ANALYSIS

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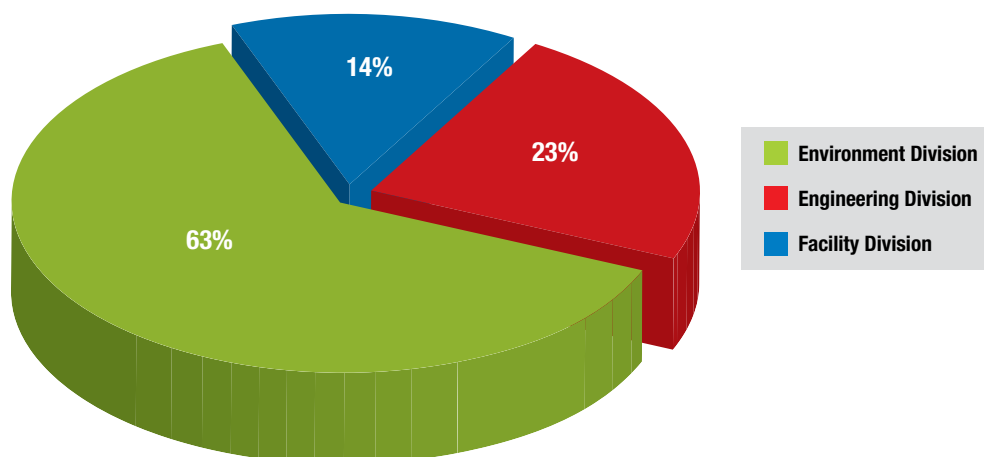
Pre-tax earnings of the Group showed a slight drop to RM12.8 mil, from RM13.7 million last year. This drop of approximately RM0.9 mil (7%) was caused by the commencement of certain new contracts in the Facilities Division. For these new contracts, we incurred start up and mobilization costs, and higher Operating Expenses. These expenses are expected to normalize in the coming year.

Profit Attributable to Shareholders for 2015 improved (by approximately RM1.1 mil or 16%) to RM8.1 mil, compared to RM6.9 mil in 2014. This improvement despite the slight drop in pre-tax earnings was due to the improvement in the performance in the wholly owned subsidiaries.

**Revenue by Division 2015**



**Profit After Tax by Division 2015**



## The Facilities Division

Turnover for the Facilities Division improved from RM61.5 million in 2014 to RM73.7 million in 2015. This increase of RM12.2 million or 20% was primarily due to the commencement of several new commercial contracts during the year under review.

Concession based income still represented approximately 65% of this Division's revenue in FYE 2015. This ratio has dropped slightly from 2014 (down from 75% previously) signifying easing dependence on the Concession. Going forward we expect the percentage contribution from the Concession segment to continue to drop.



# MANAGEMENT DISCUSSION & ANALYSIS

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AWG BERHAD

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ANNUAL REPORT 2015

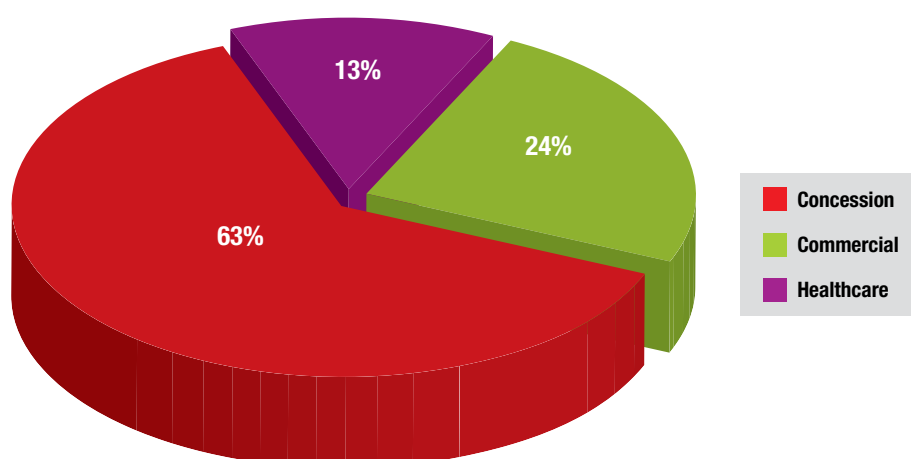
Our initial foray into the Healthcare segment continues to gain pace. We started off with the maintenance of Hospital Rehabilitasi Cheras in September 2013, and have recently commenced the maintenance of all government clinics in the State of Johor. This contract however, only commenced in July 2015, and revenue therefrom will be recognized in the following accounting period.

The improved revenue performance in 2015 was not matched by a corresponding increase in pre-tax earnings. Pre-tax earnings for the year under review dropped due to the commencement of several new contracts in the Commercial segment. We incurred initial start-up costs, mobilization costs and certain other costs that are not expected to recur.

In FYE 2014 we also recognized certain revenues where corresponding costs were not reflected, as they were substantially already taken up in the previous year. This was not the case in 2015. This caused FYE 2014 revenue and income for this Division to be higher than for 2015.

We continue to focus on an environmentally friendly approach in all that we do while carrying out our IFM activities. Energy conservation, reduction of the carbon footprints of the sites we manage, improvement in energy efficiencies are some of the activities we do to improve our eco friendliness.

**Revenue by Segment 2015**



## The Environment Division

Turnover of the Environment Division showed a slight improvement to RM34.1 million in 2015, up from RM31.2 million in the last year. This slight increase of RM2.9 million or 9% was largely due to normal progress of works. Certain projects undertaken by the Environment Division experienced minor delays, brought on by consequent delays by the project owners or main contractors. These delays are not attributable to the Environment Division, and are expected to catch up in the following year.

Pre-tax earnings have increased in tandem with the improvement in revenue. This increase in pretax earnings was also attributable to the collection of certain debts which had been previously provided for, which were offset against higher operating expenditure incurred.

We continue to derive maintenance income for the operations and maintenance of the STREAM AWCS systems. These include for Integrated Transport Terminal-Southern Sector, Maju Junction, Johor State New Administrative Centre and several complexes for the Royal Malaysian Customs. In Singapore we continue to maintain the Ministry of Home Affairs complex, the Police Cantonment Complex, Terminal 3 Changi Airport, SATS In-flight Catering Centre 2, Dakota Residences, Aalto Condominium and Resorts World Sentosa.

Our immediate challenges in this Division would be additional competition from new and established players, and in properly formulating our expansion plans, both locally and globally.

# MANAGEMENT DISCUSSION & ANALYSIS

... continued

## The Engineering Division

Conditions surrounding the Engineering Division remained challenging in the year 2015. Revenue dropped from RM27 million in 2014 to RM20 million (drop of 18%) in 2015. This drop was despite the performance of our Singapore subsidiary which performed well and benefited from the strengthening of the Singapore Dollar against the Malaysian Ringgit.

Locally conditions continued to be challenging for our Malaysian subsidiary in this Division. Previously we were engaged only in the trading of building controls and engineering components of HVAC systems. To mitigate the effects of the competitive conditions in our traditional market, this Division started to undertake larger projects as an air conditioning contractor in the HVAC field for the implementation of full blown air conditioning systems for buildings and facilities. This commenced in April 2015, the final quarter of the financial year.

This foray into air conditioning contracting was however, not matched by any revenue in 2015. Due to the progress of works and methods of recognition of income, only costs were recognized in the financial year ended 30 June 2015, whereas revenue from these contracts are recognized in the subsequent financial year, from July 2015 onwards.

The Division also had in October 2015 secured additional contracts for air conditioning contracting.

## Acquisition of Qudotech and DDT

On 1 October 2015, shareholders of AWC approved the acquisition of the entire equity interest in Qudotech and DDT. These two companies which are now wholly owned subsidiaries of AWC will give the Group added exposure into the Mechanical and Electrical ("M&E") Engineering sector, specifically in plumbing activities and the distribution of RHCP. The acquisitions were completed on 9 October 2015.

Qudotech has been active in the plumbing field and has completed plumbing works in excess of RM200 million in the last 15 years. It has recently in the last year completed plumbing works for several prominent buildings in the Klang Valley, including the KLIA2 Satellite Building, Platinum Park and IB Tower. Qudotech is currently working on plumbing works for Banyan Tree Signature Towers, Jakim Office Blocks in Putrajaya, the Sentral Residences, the Astaka in Iskandar Malaysia and Puteri Cove Residences in Puteri Harbour Johor.

DDT undertakes the design, installation and supply of RHCP, and holds the exclusive dealerships for two brands of RHCP in Malaysia. There are limited players in the field of providing RHCP for various developments and projects in the country. With the recent gazetting of the requirement to use RHCP in the construction of new buildings within certain states in Malaysia, this market represents a good opportunity for the AWC Group to establish our presence.

The vendors of Qudotech and DDT have agreed to provide a profit guarantee of RM3.9 million per annum each for the two financial years ending 30 June 2017 under the terms of our acquisition.

## KEY FINANCIAL ANALYSIS

Details of the securities for borrowings of the Group are disclosed in Note 28 to the financial statements. As disclosed in Note 34 to the financial statements, the Company had issued financial guarantees in favour of certain subsidiaries amounting to RM20.8 million.

The Group has some international operations and is exposed 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 36(a)(i)(ab) 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 36 to the financial statements.

# MANAGEMENT DISCUSSION & ANALYSIS

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## THE JOURNEY AHEAD

The local political and economic scenario surrounding the country continues to weigh on our minds for the immediate future. The depreciating Ringgit, lower oil prices worldwide, the follow on effect on the local stock market and the overall economy, continue to dampen market sentiment in the sectors we operate.

The impact of the Goods and Services Tax ("GST") recently implemented, depressed oil prices and inflationary pressures inevitably affect the financial performance of the companies in our Group.

For the Facilities Division, we continue to strive to improve our revenue, by the securing of new contracts and clientele, and by taking steps to secure the extension/renewal of expiring contracts. Our challenge here remains to maintain a healthy margin to our revenues. This will be done against the backdrop of the challenges highlighted above, as well as other issues like rising energy and utility costs and continual escalation of wages. We continue to be prudent in our outlook, and uncompromising in managing our costs. We believe these will hold us in good stead in these challenging times.

The Environment Division continues to diligently monitor progress of works in all our sites. Again, cost management becomes of significant importance in ensuring that projects are completed on a timely and efficient manner. We continuously look at markets outside of Malaysia for potential projects and growth areas, but proceed with caution in these areas.

We continue to build upon and elevate the brand equity of 'STREAM' to promote wider acceptance of STREAM AWCS by municipal councils, developers and Government Institutions, both locally and overseas.

For the Engineering Division we have taken measures which we believe will hold us in good stead in the near future. We are diversifying out from our previous dependence on trading of building automation systems and engineering components for the HVAC industry. We have recently embarked on contracts implementation for full blown air conditioning systems for buildings and facilities.

In addition, we have delved into the field of plumbing and RHCP, via the recent acquisition of Qudotech and DDT. We intend to fully exploit potential cross selling opportunities with our existing clients, and to market our status as a major Bumiputra player in the plumbing market.

Development of human capital continues to be at the forefront of our approach to improve the qualitative aspects of our group. Succession planning and grooming appropriate personnel for ongoing improvement and to undertake greater responsibility spearheads our efforts here.

We have also recently obtained shareholders' approval for the launching of an Employee Share Option Scheme ("ESOS") on 1 October 2015. Whilst not launched as of yet, we expect to launch the ESOS soon and believe that this will be a useful tool for the Group to attract, nurture and retain effective and suitable employees.

With the completion of the recent acquisition of Qudotech and DDT, we have branched out into the area of plumbing and RHCP activities. This serves to dilute further the contribution of the Concession segment in the Facilities Division, and indeed to the overall group performance. We continue to strengthen our existing operations, and remain constantly on the lookout for further expansion opportunities.

21 October 2015

# 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 2015.

## A. THE BOARD

### i. Board Charter

A Board Charter was formalised on 29 May 2013 to set out the composition and balance, roles and responsibilities, operation and processes of the Board and to ensure that all Board members are aware of their duties and responsibilities as Board members.

A copy of the Board Charter is published in the corporate website of the Company at [www.awc.com.my](http://www.awc.com.my).

### ii. Composition and balance of the Board

The Board currently has six (6) members, comprising of one (1) Executive Director (who is the Managing Director ("MD")/Group Chief Executive Officer ("GCEO")), one (1) Senior Independent Non-Executive Director and four (4) Independent Non-Executive Directors. This complies with the requirement that at least one-third (1/3) 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.

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

In line with the Code, the Board shall accord due consideration to inculcate diversity in the boardroom and workplace which encapsulates gender, age and ethnicity.

### iii. Nomination and appointment of Directors

The members of the Board are appointed in a formal and transparent manner as endorsed by the Code. The Nomination Committee scrutinizes the candidates 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 individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate shall bring to complement the Board.

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.

# CORPORATE GOVERNANCE STATEMENT

... continued

## iv. 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.

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 who are 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.

## v. Independent Directors

The presence of one (1) Senior Independent Non-Executive Director and four (4) Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remains objective and independent. Also, the interests of other parties such as minority shareholders are fully addressed and accorded due consideration as well as are adequately protected.

The Senior Independent Non-Executive Director will also attend to any query or concern raised by shareholders.

The Board had conducted an evaluation of the level of independence of the five (5) Independent Non-Executive Directors of the Company for the financial year ended 30 June 2015. The Board is satisfied with the level of independence demonstrated by them and their ability to act in the best interest of the Company and/or the Group.

## vi. Tenure of Independent Director

The Board is fully aware that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent 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 Director, the Board shall first justify and obtain shareholders' approval on a yearly basis.

## vii. 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 its 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.

The Nomination Committee is required to conduct an assessment of the Board and the Board Committees annually. This will be discussed with the Board. The Nomination Committee will also evaluate each individual Director's contributions to the effectiveness of the Board and to the relevant Board Committees.

## viii. 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.

# CORPORATE GOVERNANCE STATEMENT

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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 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 that may include, amongst others, the following:-

- a. Overseeing and evaluating the conduct and sustainability of the businesses of the Group.
- b. Reviewing and adopting the overall strategic direction, business plans, annual budgets of the Group, including major capital commitments.
- c. Establishing key performance indicators and succession plans.
- d. Reviewing and approving new ventures, major acquisitions and disposal of undertakings, investments and assets.
- e. Identifying principal risks and ensuring implementation of appropriate systems to manage these risks.
- f. Reviewing the adequacy and integrity of the Group's internal control systems and management information systems.
- g. Overseeing the development and implementation of the shareholder communications policy for the Company.

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

The Board ensures that the Chairman is independent and a Non-Executive member of the Board. The roles of the 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.

The responsibilities of the Chairman, amongst others, are as follows:

- a. To provide leadership to the Board.
- b. To oversee the effective discharge of the Board's supervisory role.
- c. To facilitate the effective contribution of all Directors.
- d. To conduct and chair Board meetings and general meetings of the Company.
- e. To manage Board communications and Board effectiveness and effective supervision over Management.
- f. To ensure that quality information to facilitate decision-making is delivered to the Board in a timely manner.
- g. To ensure Board meetings and general meetings are in compliance with good conduct and best practices.
- h. To promote constructive and respectful relations between Board members and between the Board and the Management.
- i. To represent the Company and/or the Group together with the MD/GCEO to external groups such as authorities, shareholders, creditors, consumer groups, local communities and federal, state and local governments.



# CORPORATE GOVERNANCE STATEMENT

... continued

The responsibilities of the MD/GCEO, amongst others, are as follows:

- a. To develop and recommend to the Board strategic business direction, plans and policies of the Group that leads to the creation of shareholders value.
- b. To develop and recommend to the Board the operational plan and annual budget to support the Company and/or the Group's long-term strategy.
- c. To ensure the efficient and effective operation of the Group.
- d. To manage the overall business and oversee the day-to-day management of the Group with all powers, discretions and delegations authorised, from time to time, by the Board.
- e. To ensure continuous improvement in the quality and value of the products and services provided by the Group.
- f. To ensure that the Company and the Group achieves and maintains a satisfactory competitive position within its industry.
- g. To formulate and oversee the implementation of major corporate policies.
- h. To report to the Board periodically on the financial position of the Group which includes forecast results as required from time to time.
- i. To report to the Board on key performance indicators in relation to the financial results, market conditions and other developments.
- j. To be responsible for the financial management of the Company and/or the Group and overseeing the handling of financial matters which include keeping proper accounts for prudent and economical administration, avoidance of waste and extravagance for efficient and effective use of all the resources.
- k. To serve as the chief spokesperson for the Group.
- l. To bring material matters to the attention of the Board in an accurate and timely manner.

If the Company does not have a MD/GCEO in office at any point in time, all the provisions of the Board Charter that apply to the MD/GCEO during the period of such absence shall apply to such other person appointed by the Board to be in charge of the Company ("Interim MD or Interim GCEO"). This will apply unless the Board or a Board Committee decides that certain provisions are not to apply or are to apply with modification and/or revision. The Board and Board Committees may also put in place additional rules, restrictions and guidelines pertaining to the roles and responsibilities of the Interim MD or Interim GCEO.

## B. BOARD COMMITTEES

The Board may from time to time establish Board Committees as is 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.

# CORPORATE GOVERNANCE STATEMENT

... continued

## i. Audit Committee

The objectives of the Audit Committee are, among others, providing an 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 and 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 its summary of terms of reference and its activities carried out during the financial year ended 30 June 2015 are set forth in the Audit Committee Report on pages 34 to 38 of this Annual Report.

## ii. Nomination Committee

The Nomination Committee of the Company comprises the following members, all being Independent Non-Executive Directors with the Chairman being the Senior Independent Non-Executive Director identified by the Board:-

Name of Nomination Committee members	Designation
Datuk Syed Hussian bin Syed Junid, Chairman	Senior Independent Non-Executive Director
Dato' Nik Mod Amin bin Nik Abd Majid, Member	Independent Non-Executive Chairman
Roslan bin Mohd Latif, Member	Independent Non-Executive Director

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. Reviewed the role of the MD/GCEO to ensure a balance of power and authority, and a clear division of responsibilities as the head of the Company.
- dd. Identified and recommended to the Board the re-election of Dato' Ahmad Kabeer Bin Mohamed Nagoor and Dato' Sulaiman Bin Mohd Yusof at the last AGM held on 12 December 2014.

# CORPORATE GOVERNANCE STATEMENT

... continued

## iii. Remuneration Committee

The principle objectives of the Remuneration Committee are 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 during the year under review are as follows:-

Name of Remuneration Committee members	Designation
Datuk Syed Hussian bin Syed Junid, Chairman	Senior Independent Non-Executive Director
Dato' Nik Mod Amin bin Nik Abd Majid, Member	Independent Non-Executive Chairman
Roslan bin Mohd Latif, Member	Independent Non-Executive Director

## iv. ESOS Committee

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

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

The members of the ESOS Committee during the year under review 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

# CORPORATE GOVERNANCE STATEMENT

... continued

## 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	5/5
Dato' Ahmad Kabeer bin Mohamed Nagoor	5/5
Datuk Syed Hussian bin Syed Junid	5/5
Dato' Sulaiman bin Mohd Yusof	4/5
Roslan bin Mohd Latif	5/5
N Chanthiran A/L Nagappan	5/5

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

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

### 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.

Seminars and conferences attended by Directors during the financial year ended 30 June 2015 include the following:

Name of Directors	Titles of the seminars attended
Dato' Nik Mod Amin bin Nik Abd Majid	<ul style="list-style-type: none"> <li>Strategic Risk Management for suitable governance</li> </ul>
Dato' Ahmad Kabeer bin Mohamed Nagoor	<ul style="list-style-type: none"> <li>Strategic Risk Management for suitable governance</li> </ul>
Datuk Syed Hussian bin Syed Junid	<ul style="list-style-type: none"> <li>Strategic Risk Management for suitable governance</li> </ul>
Dato' Sulaiman bin Mohd Yusof	<ul style="list-style-type: none"> <li>Strategic Risk Management for suitable governance</li> </ul>
N Chanthiran A/L Nagappan	<ul style="list-style-type: none"> <li>Risk Management &amp; Internal Control – Workshops for Audit Committee Members</li> <li>Strategic Risk Management for suitable governance</li> </ul>
Roslan bin Mohd Latif	<ul style="list-style-type: none"> <li>Strategic Risk Management for suitable governance</li> </ul>

# CORPORATE GOVERNANCE STATEMENT

... continued

## 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 financial year under review is as follows:

Directors	Fees (RM)	Salaries & Benefits in Kind (RM)	Bonuses (RM)	Total (RM)
Executive Directors	–	1,231,683	1,800,000	3,031,683
Non-Executive Directors	710,800	–	–	710,800
<b>TOTAL</b>	<b>710,800</b>	<b>1,231,683</b>	<b>1,800,000</b>	<b>3,742,483</b>

Range of remuneration	Executive	Non-Executive
Below RM100,000	–	3
RM100,001 to RM150,000	–	1
RM400,001 to RM450,000	–	1
RM3,000,001 to RM3,050,000	1	–

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

## iv. Access to information and independent advice

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

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

# CORPORATE GOVERNANCE STATEMENT

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## 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 on the Group's progress and developments. The Company's corporate website at [www.awc.com.my](http://www.awc.com.my) serves as one of the most convenient ways for shareholders and public to gain access to corporate information, news and events relating to the Group.

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

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

All resolutions set out in the Notice of the AGM are put to vote by show of hands. The shareholders of the Company are entitled to request for the voting of resolutions at the AGM by poll, if required. Further, the shareholders are reminded of this right at the commencement of the general meeting.

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

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

### ii. Internal control and risk management

The Board also takes cognizance of its responsibility for identifying, isolating and managing significant risks within the business environment in which the Group operates. The Board is aware of its responsibility 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.



# CORPORATE GOVERNANCE STATEMENT

... continued

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.

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. Code of Ethics and Conduct

The Code of Ethics and Conduct is to be observed by all Directors and employees of the Group and the core areas of conduct include the following:-

- a. Compliance at all times with the Code of Ethics and Conduct and the Board Charter.
- b. Observe high standards of corporate governance at all times.
- c. Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership, including fair dealing and the ethical handling of conflicts of interest.
- d. Not misuse information gained in the course of duties for personal gain or for political purposes.
- e. Uphold accountability and act in good faith and in the best interests of the Company and the Group.
- f. Ensure the protection of the Company's legitimate business interests, including corporate opportunities, assets and confidential information.
- g. Ensure full, fair, accurate, timely and understandable disclosure.
- h. Declaration of any personal, professional or business interests that may conflict with responsibilities.

The Board will review the Code of Ethics and Conduct regularly to ensure that it continues to remain relevant and appropriate. As part of it Code of Ethics and Conduct, the Board had on 29 May 2013 formalised a Whistleblowing Policy.

The Board will review the Code of Ethics and Conduct and Whistleblowing Policy from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.

Copies of the Code of Ethics and Conduct and Whistleblowing Policy are published in the corporate website of the Company at [www.awc.com.my](http://www.awc.com.my).

# CORPORATE GOVERNANCE STATEMENT

... continued

## v. 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.

A Corporate Disclosure Policy was formalised on 20 June 2014 to promote comprehensive, accurate and timely disclosures pertaining to the Company and the Group to regulators, shareholders and stakeholders.

## E. COMPANY SECRETARY

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

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

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

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

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

In preparing the financial statements for the financial year ended 30 June 2015, 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 21 October 2015.

# 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 members of the Audit Committee (the “Committee”) comprises the following Directors:

**Dato’ Sulaiman bin Mohd Yusof, Chairman**  
(Independent Non-Executive Chairman)

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

**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.

## B. SUMMARY OF TERMS OF REFERENCE

### i. Size and Composition

The Committee shall be appointed by the Board from among its members and shall comprise not less than three (3) members, whereby all members must be Non-Executive Directors and financially literate with a majority of them being Independent and Non-Executive Directors.

At least one (1) member of the Committee must be a member of Malaysia Institute of Accountants or he must have at least three (3) years working experience and have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967 or is a member of one of the associations of accountants specified in Part II of the said Schedule or a person who has fulfilled such other requirements as prescribed or approved by Bursa Securities.

An alternate director of the Board shall not be appointed as a member of the Committee. If a member of the Audit Committee resigns, retires, dies or for any other reason ceases to be a member which results in the non-compliance with the requirement above as stated in the preceding paragraph, the Board shall fill the vacancy within three (3) months.

### ii. Meetings

Meetings shall be held not less than four (4) times a year. However, additional meetings may be called at any time depending on the scope of activities of the Committee. In the event issues requiring the Committee’s decision arise between meetings, such issues may be resolved through circular resolutions of the Committee. Such circular resolution in writing shall be valid and effectual if it is signed or approved by letter, facsimile or any electronic means by all members of the Committee.

Other Board members, senior management, internal and external auditors may be invited to attend meetings. Prior notice shall be given for all meetings.

The minimum quorum for the meeting is two (2) members of the Committee, a majority of members present must be Independent and Non-Executive Directors.

The Company Secretary shall be the secretary of the Committee. The Secretary shall circulate the notice and minutes of the Committee to all members of the Committee.

### iii. Functions

The functions of the Committee are as follows:-

- a. To consider any matters concerning the appointment and re-appointment, the audit fee and any questions of resignation or dismissal of External Auditors and further ensure the suitability and independence of External Auditors.
- b. To review with the External Auditors:-
  - i. their audit plan, scope and nature of the audit of the Group;
  - ii. their evaluation and findings of the system of internal controls; and
  - iii. their audit reports on the financial statements.
- c. To review and assess the adequacy of the scope, functions, competency and performance of the internal audit functions.
- d. To review the adequacy and effectiveness of the Group's internal control systems and risk management
- e. To review the quarterly and yearly financial statements of the Group, focusing particularly on any changes in or implementation of major accounting policies and practices, significant adjustments arising from the audit, the going concern assumption and compliance with applicable approved accounting standards and other legal and regulatory requirements.
- f. To review any related party transactions and conflict of interest situations that may arise within the Company or the Group including any transactions, procedures or course of conduct that raises questions of management integrity.
- g. To carry out such other functions or assignments as may be delegated by the Board from time to time.

### iv. Authority

The Committee is authorised by the Board to investigate any activity within its term of reference at the cost of the Company, to:-

- a. secure full and unrestricted access to any information pertaining to the Company and its subsidiaries;
- b. communicate directly with the External and Internal Auditors and all employees of the Group;
- c. seek and obtain independent professional advice and to secure the attendance of outsiders with relevant experience and expertise as it considers necessary; and
- d. convene meetings with the External and Internal Auditors or both excluding the attendance of other directors and management and employees of the Company, whenever deemed necessary.

# AUDIT COMMITTEE REPORT

... continued

## v. Communication with the Board

The minutes of each Committee meeting shall be tabled to the Board for notation.

The Committee may from time to time submit to the Board its recommendation on matters within its purview, for the Board's decision.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Securities, the Committee must promptly report such matter to Bursa Securities.

## C. SUMMARY OF ACTIVITIES 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	4/5
Roslan bin Mohd Latif	5/5
N Chanthiran A/L Nagappan	5/5

The presence of the External and Internal Auditors respectively at any Audit Committee meeting 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 activities undertaken by the Committee during the financial year ended 30 June 2015 includes the following:-

- Reviewed the quarterly financial results of the Company including the announcements pertaining thereto, and recommended for the Board's approval before releasing to Bursa Securities;
- 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 2015;
- Reviewed the annual audited financial statements of the Company and issues arising from the audit of the financial statements, together with the External Auditors' management letter and the management's responses thereon;
- Considered the re-appointment of the External Auditors, the terms of reference of their appointment, the audit fee and any questions of resignation or dismissal; and
- Reviewed the internal audit plan, work done and reports, for the internal audit function and considered the findings of internal audit investigations and management responses thereon, and ensure that appropriate actions are taken on the recommendations raised by the Internal Auditors.

## D. 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 Audit Committee, providing the Board with a reasonable assurance of adequacy of the scope, functions and resources of the Internal Audit function. The purpose of the IA function is to provide the Board, through the Audit Committee, assurance of the effectiveness of the system of internal control of the designated entities of the Group.

# AUDIT COMMITTEE REPORT

... continued

## ii. IA Activities

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

### a. IA Plan for the Group

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

### b. Regular IA Reports

IA reports are reviewed and adopted by the Audit 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.

For the financial year ended 30 June 2015, the following subsidiaries of the Group were audited by Sterling:-

Name of Entities Audited by Sterling	IA Report Date
Stream Environment (S) Pte. Ltd.	24 November 2014
Stream Environment (S) Pte. Ltd.	17 February 2015
Ambang Wira Sdn. Bhd	21 May 2015
Ambang Wira Sdn Bhd and AW Facility Management Sdn Bhd	27 August 2015

### c. Follow-up Reports

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

For the financial year ended 30 June 2015, Sterling has presented their status report on follow-up actions required on previously reported audited findings in respect of the following subsidiaries of the Group:-

Name of Entities followed-up by Sterling	IA Status Report Date
Stream Environment Sdn Bhd	24 November 2014
M & C Engineering & Trading (S) Pte. Ltd.	24 November 2014
AWC Berhad, Ambang Wira Sdn Bhd, AW Facility Management Sdn Bhd, Environmental and Landscape Services Sdn Bhd and Resource Data Management Asia Sdn Bhd	24 November 2014
Stream Environment (S) Pte. Ltd.	17 February 2015
Stream Environment Sdn Bhd	17 February 2015
AWC Berhad, Ambang Wira Sdn Bhd, AW Facility Management Sdn Bhd, Environmental and Landscape Services Sdn Bhd and Resource Data Management Asia Sdn Bhd	17 February 2015
Stream Environment (S) Pte. Ltd.	21 May 2015
Stream Environment Sdn Bhd	21 May 2015
Ambang Wira Sdn Bhd	27 August 2015
Stream Environment (S) Pte. Ltd.	27 August 2015
Stream Environment Sdn Bhd	27 August 2015



# AUDIT COMMITTEE REPORT

... continued

**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 2015 was RM46,000.

**iv. Review of IA Function**

For the financial year ended 30 June 2015, the Audit Committee noted that the IA function is independent and Sterling has performed their audit assignments with impartiality, proficiency and due professional care.

**E. STATEMENT PERTAINING TO THE ALLOCATION OF SHARE OPTIONS TO EMPLOYEES**

The Company had on 31 March 2011 implemented an employees' share option scheme ("ESOS").

On 27 August 2015, the Board resolved to terminate the ESOS on the recommendation of the ESOS Committee, since no ESOS options were granted and the ESOS is set to expire in March 2016. The ESOS is to be replaced by a new scheme as approved by shareholders on 1 October 2015.

To date, no allocations have been made to the Directors or employees of the Group for the new ESOS scheme.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors (“the Board”) of AWC Berhad (“Company”) is required to produce a statement in the Company’s annual report in respect of the state of risk management framework and internal control system of the Company and its subsidiaries (“Group”).

The Malaysian Code on Corporate Governance 2012 in particular Principle 6 and its corresponding recommendations also requires the Board of the Company to ensure that sound and effective risk management framework and internal control systems are in place to safeguard the shareholders’ interests in the Group. In complying with the prescribed requirements and to conform with the highest standard of corporate governance, the Board is pleased to present the Statement on Risk Management and Internal Control for the financial year ended 30 June 2015.

## THE BOARD’S RESPONSIBILITIES

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

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

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

## THE INTERNAL AUDIT FUNCTION

The internal audit function had been outsourced to Sterling Business Alignment Consulting Sdn. Bhd. (“Internal Auditors”), a third party professional internal audit service firm, which is independent of the operations and activities of the Group since 1st July 2009. The Internal Auditors are also independent of the Board and management, and reports directly to the Audit Committee. In discharging its obligations and duties pursuant to its appointment, the Internal Auditors undertakes rigorous, objective, independent and systematic reviews of the risk management framework and systems of internal controls. Following the assessment, the Internal Auditors provides reasonable and continuous assurance on the satisfactory operation and effectiveness of the Group’s risk management framework and system of internal controls. This comprehensive process is intended to identify shortcomings and potential pitfalls in the existing risk management framework and system of internal controls which would eventually be brought to the attention of the Board and rectification measures would be proposed and recommended.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL ... *continued*

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

## RISK MANAGEMENT FRAMEWORK

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

## INTERNAL CONTROL SYSTEM

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

### 1. Independence of the Audit Committee

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

### 2. Clearly defined organisational structure

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

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL ... *continued*

## 3. Clearly defined policies and procedures and authority limits

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

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

## 4. Regular performance review

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

## 5. Reviews with the External Auditors

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

## ASSURANCE TO THE BOARD

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

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

This Statement is made in accordance with the resolution of the Board of Directors dated 21 October 2015.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. Utilisation of proceeds from corporate exercises

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

## 2. Share buy-back

During the financial year, the Company did not purchase any of its issued ordinary shares from the open market of Bursa Malaysia Securities Berhad.

As at 30 September 2015, a total of 3,326,800 ordinary shares have been bought back and held as treasury shares in accordance with Section 67A of the Companies Act, 1965. None of the treasury shares held was cancelled during the financial year.

## 3. Options, warrants or convertible securities

There was no option, warrant or convertible security in issue during the financial year.

## 4. American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) Programme

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

## 5. Imposition of sanctions and/or penalties

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

## 6. Non-audit fees

Non-audit fees payable to the external auditors Messrs. Morison Anuarul Azizan Chew for the financial year ended 30 June 2015 amounted to RM8,700.

## 7. Variation In results, profit estimate, forecast or projection

There was no material variation between the Group's unaudited results announced earlier and the audited results for the financial year ended 30 June 2015. The Company did not provide any profit estimate, forecast or projection for the financial year.

## 8. Profit guarantee

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

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

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

## 10. 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 35 to the financial statements. For the financial year ended 30 June 2015, 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.

# 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 2015.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

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

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

## RESULTS

	Group RM	Company RM
Net profit for the financial year	11,715,664	7,444,494
Attributable to:		
Owners of the Company	8,081,947	7,444,494
Non-controlling interests	3,633,717	–
	11,715,664	7,444,494

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

## DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not propose payment of any dividend for the current financial year.

## DIRECTORS

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

Dato' Nik Mod Amin bin Nik Abd Majid  
Dato' Ahmad Kabeer bin Mohamed Nagoor  
Datuk Syed Hussian bin Syed Junid  
Dato' Sulaiman bin Mohd Yusof  
N Chanthiran A/L Nagappan  
Roslan bin Mohd Latif

## 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 6 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 35 to the financial statements.

## DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	No. of Ordinary Shares of RM0.30 Each			
	1.7.2014	Bought	Sold	30.6.2015
<b>The Company</b>				
<b>Direct Interests:</b>				
Dato' Ahmad Kabeer bin Mohamed Nagoor	1,000,000	–	–	1,000,000
Datuk Syed Hussian bin Syed Junid	78,900	–	–	78,900
Dato' Sulaiman bin Mohd Yusof	100,000	–	–	100,000
N Chanthiran A/L Nagappan	92,000	–	–	92,000
Roslan bin Mohd Latif	220,000	–	–	220,000
<b>Indirect Interest:</b>				
Dato' Ahmad Kabeer bin Mohamed Nagoor	79,449,652	–	–	79,449,652

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

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

# DIRECTORS' REPORT

... continued

## TREASURY SHARES

As at 30 June 2015, the Company held as treasury shares a total of 3,326,800 (2014: 3,326,800) of its 228,679,227 (2014: 228,679,227) issued ordinary shares. Such treasury shares are held at a carrying amount of RM855,221 (2014: RM855,221) and further relevant details are disclosed in Note 22(b) to the financial statements.

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

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

## CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

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

## VALUATION METHODS

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

## CONTINGENT AND OTHER LIABILITIES

Other than as disclosed in Note 34 to the financial statements, at the date of this report, there does not exist:-

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

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

## CHANGE OF CIRCUMSTANCES

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

## ITEMS OF AN UNUSUAL NATURE

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

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

## ISSUES OF SHARES AND DEBENTURES

During the financial year:

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

## OPTIONS GRANTED OVER UNISSUED SHARES

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

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

The Company 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.

During the financial year, no options have been granted by the Company to the eligible Directors, senior management and employees of the Group.

## **SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

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

## **SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE**

Details of the subsequent events after the balance sheet date are disclosed in Note 39 to the financial statements.

## **AUDITORS**

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 21 October 2015.

**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 53 to 135 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 2015 and of their financial performance and cash flows for the financial year then ended.

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 21 October 2015.

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

**Dato' Ahmad Kabeer bin Mohamed Nagoor**

## STATUTORY DECLARATION

Pursuant To Section 169(15) 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 53 to 135 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 21 October 2015

**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 2015 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 53 to 135.

#### *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 2015 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 ... *continued*

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 13 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 40 on page 135 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

21 October 2015

KUALA LUMPUR

**SATHIEA SEELEAN A/L MANICKAM**

Approval No: 1729/05/16(J/PH)

Chartered Accountant

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 30 June 2015

	Note	2015 RM	2014 RM
Revenue	3	128,017,235	119,505,859
Cost of sales		(87,091,509)	(78,113,489)
Gross profit		40,925,726	41,392,370
Other operating income		6,046,334	2,606,909
Other operating expenses		(34,276,563)	(30,776,571)
Profit from operations	4	12,695,497	13,222,708
Finance income, net	7	73,412	530,216
Share of result of jointly controlled entities		12,768,909 55,372	13,752,924 –
Profit before taxation		12,824,281	13,752,924
Income tax expense	8	(1,108,617)	(3,792,766)
Net profit after taxation for the financial year		11,715,664	9,960,158
Other comprehensive income:			
Foreign currency translation differences		2,853,537	632,073
Total comprehensive income for the financial year		14,569,201	10,592,231
Profit attributable to:			
Owners of the Company		8,081,947	6,952,132
Non-controlling interests		3,633,717	3,008,026
		11,715,664	9,960,158
Total comprehensive income attributable to:			
Owners of the Company		9,657,052	7,320,486
Non-controlling interests		4,912,149	3,271,745
		14,569,201	10,592,231
Basic earnings per share (sen)	9	3.6	3.1

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2015

	Note	2015 RM	2014 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	8,160,851	6,809,204
Investment properties	11	2,848,101	1,904,933
Investment in jointly controlled entity	12	2,694,625	–
Other investments	14	1,661	1,661
Intangible assets - goodwill	15(i)	5,912,091	5,912,091
Intangible assets - deferred expenditure	15(ii)	7,688	12,812
Deferred tax assets	29	311,156	2,063,000
		19,936,173	16,703,701
<b>Current assets</b>			
Amount owing by jointly controlled entity	12	–	1,401,030
Inventories	16	17,535,092	11,363,586
Tax recoverable		2,455,816	1,497,473
Other receivables	17	2,662,793	5,812,277
Trade receivables	18	56,841,185	68,168,832
Deposits with licensed banks, cash and bank balances	21	53,555,243	43,362,597
		133,050,129	131,605,795
<b>TOTAL ASSETS</b>		<b>152,986,302</b>	<b>148,309,496</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	22	68,603,769	68,603,769
Treasury shares	22(b)	(855,221)	(855,221)
Share premium	22(c)	7,649,452	7,649,452
Foreign exchange reserve	24	2,862,866	1,287,761
Statutory reserve	25	306,802	306,802
Revaluation reserve	26	2,928,133	–
Retained profits	27	10,101,512	2,019,565
<b>Equity attributable to owners of the Company</b>		<b>91,597,313</b>	<b>79,012,128</b>
<b>Non-controlling interests</b>		<b>25,365,184</b>	<b>27,779,826</b>
<b>Total equity</b>		<b>116,962,497</b>	<b>106,791,954</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2015 ... *continued*

	Note	2015 RM	2014 RM
<b>Non-current liabilities</b>			
Other payables	31	2,500,719	2,483,609
Provision for end of service benefit		209,636	138,971
Long-term borrowings	28	337,551	1,932,822
Deferred tax liabilities	29	162,634	99,421
		3,210,540	4,654,823
<b>Current liabilities</b>			
Trade payables	30	20,722,134	22,060,119
Other payables	31	9,710,555	10,852,345
Provision for taxation		567,857	2,871,899
Short-term borrowings	28	1,812,719	1,078,356
		32,813,265	36,862,719
<b>TOTAL LIABILITIES</b>		36,023,805	41,517,542
<b>TOTAL EQUITY AND LIABILITIES</b>		152,986,302	148,309,496

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2015

	Non-distributable				Distributable (Accumulated Losses)/ Retained Profit		Non- Controlling Interests	Total Equity
	Share Capital RM	Treasury Shares RM	Share Premium RM	Foreign Exchange Reserve RM	Statutory Reserve RM	RM	RM	RM
At 1 July 2013	68,603,769	(855,221)	7,649,452	768,030	306,802	(5,342,387)	24,114,333	95,244,778
Effects of transitioning to MFRS 11	-	-	-	151,377	-	409,820	393,748	954,945
Restated balance	68,603,769	(855,221)	7,649,452	919,407	306,802	(4,932,567)	24,508,081	96,199,723
Profit after taxation for the financial year	-	-	-	-	-	6,952,132	3,008,026	9,960,158
Other comprehensive income for the financial year, net of tax:	-	-	-	368,354	-	-	263,719	632,073
- Foreign currency translation	-	-	-	368,354	-	-	263,719	632,073
Total comprehensive income for the financial year	-	-	-	368,354	-	6,952,132	3,271,745	10,592,231
At 30 June 2014	68,603,769	(855,221)	7,649,452	1,287,761	306,802	2,019,565	27,779,826	106,791,954

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2015 ... *continued*

	Non-distributable				Distributable (Accumulated Losses)/				Non-Controlling Interests		Total Equity
	Share Capital	Treasury Shares	Share Premium	Foreign Exchange Reserve	Statutory Reserve	Revaluation reserve	Retained Profit		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 after taxation for the financial year	-	-	-	-	-	-	8,081,947	8,081,947	3,633,717	11,715,664	
Other comprehensive income for the financial year, net of tax:											
- Foreign currency translation	-	-	-	1,575,105	-	-	-	1,575,105	1,278,432	2,853,537	
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	

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 30 June 2015

	Note	2015 RM	2014 RM
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>			
Profit before taxation		12,824,281	13,752,924
Adjustments for:			
Allowance for impairment losses on:			
- trade receivables		296,000	642,734
- other receivables		17,838	–
Amortisation of intangible assets - others		5,125	133,250
Bad debts recovered		–	(263,158)
Deposits written off		–	17,731
Depreciation of property, plant and equipment		1,444,004	1,505,315
Depreciation of investment properties		43,692	120,473
Allowance for slow-moving inventories		118,245	426,304
Property, plant and equipment written off		1,569	15,957
Reversal of allowance for impairment losses on:			
- trade receivables		(184,700)	(34,408)
- jointly controlled entities		(454,795)	–
Reversal of allowance for impairment losses on			
investment in jointly controlled entities		(2,639,253)	–
Provision/(Reversal) for end of service benefit		70,665	(109,397)
Provision for retirement benefit obligation		46,426	246,870
Provision for short-term accumulating compensated			
absences		7,644	–
Gain on disposal of subsidiaries		(283,373)	–
Gain on disposal of investment properties		(182,430)	–
Loss on disposal of other investment		–	34,500
Net unrealised foreign exchange (gain)/loss		(160,223)	60,459
Finance income, net		(296,591)	(530,216)
Net gain on disposal of property, plant and			
equipment		(206,855)	(1,303,635)
Operating profit before working capital changes		10,467,269	14,715,703
Increase in inventories		(6,349,505)	(993,369)
Decrease/(Increase) in receivables		7,278,615	(24,158,033)
Increase/(Decrease) in payables		4,862,384	(7,320,648)
Decrease in amount owing by jointly controlled			
entity		1,401,030	646,346
Cash generated from/(used in) operations		17,659,793	(17,110,001)
Payment for retirement benefit obligation		(29,315)	(160,488)
Payment for provision for end of service benefits		–	(2,056)
Taxes paid		(2,585,337)	(3,655,585)
Net cash generated from/(used in) operating activities		15,045,141	(20,928,130)

# CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 30 June 2015 ... *continued*

	Note	2015 RM	2014 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Repayment from jointly controlled entity		1,846,909	–
Purchase of property, plant and equipment	32	(1,455,645)	(756,639)
Proceeds from disposal of investment properties		750,000	–
Proceeds from disposal of property, plant and equipment		150,072	2,777,355
Net cash outflow from disposal of subsidiaries	13(a)	191,763	–
Finance income, net received		296,591	530,216
Net cash generated from investing activities		1,779,690	2,550,932
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>			
Repayment of term loans		(451,460)	(535,061)
Repayment of trade loan		–	(352,589)
Repayment of hire purchase and lease payables		(405,830)	(1,186,587)
Dividends paid to non-controlling interests		(7,350,000)	–
Net cash used in financing activities		(8,207,290)	(2,074,237)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		8,617,541	(20,451,435)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>		43,362,597	63,176,385
Effects of exchange differences		1,575,105	637,647
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>		53,555,243	43,362,597
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>			
Deposits with licensed banks	21	41,559,963	17,952,830
Cash and bank balances	21	11,995,280	25,409,767
		53,555,243	43,362,597

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

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 30 June 2015

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	Note	2015 RM	2014 RM
Revenue	3	10,168,787	2,340,000
Cost of sales		–	–
Gross profit		10,168,787	2,340,000
Other operating income		–	–
Other operating expenses		(2,791,268)	(4,372,735)
Profit/(Loss) from operations	4	7,377,519	(2,032,735)
Finance income, net	7	66,975	15,095
Profit/(Loss) before taxation		7,444,494	(2,017,640)
Income tax expense	8	–	48,234
Profit/(Loss) after taxation for the financial year		7,444,494	(1,969,406)
Other comprehensive income		–	–
Total comprehensive income/(expenses) for the financial year		7,444,494	(1,969,406)
Profit/(Loss) attributable to:			
Owners of the Company		7,444,494	(1,969,406)
Total comprehensive income/(expenses) attributable to:			
Owners of the Company		7,444,494	(1,969,406)

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

# STATEMENT OF FINANCIAL POSITION

As At 30 June 2015

	Note	2015 RM	2014 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	86,506	72,556
Investments in subsidiaries	13	41,846,101	41,925,914
		41,932,607	41,998,470
<b>Current assets</b>			
Tax recoverable		274,580	66,108
Other receivables	17	38,983	30,289
Amount owing by subsidiaries	20	669,180	942,170
Cash and bank balances	21	7,081,576	469,201
		8,064,319	1,507,768
<b>TOTAL ASSETS</b>		49,996,926	43,506,238
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	22	68,603,769	68,603,769
Treasury shares	22(b)	(855,221)	(855,221)
Share premium	22(c)	7,649,452	7,649,452
Merger relief	23	12,522,542	12,522,542
Accumulated losses	27	(38,757,884)	(46,202,378)
<b>Total equity</b>		49,162,658	41,718,164
<b>Current liability</b>			
Other payables	31	834,268	1,788,074
<b>TOTAL EQUITY AND LIABILITIES</b>		49,996,926	43,506,238

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

# STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2015

	Share Capital RM	Non-distributable			Share Premium RM	Merger Relief RM	Distributable (Accumulated Losses) RM	Total RM
		Treasury Shares RM						
At 1 July 2013	68,603,769	(855,221)			7,649,452	12,522,542	(44,232,972)	43,687,570
Loss after taxation/Total comprehensive expenses for the financial year	-	-			-	-	(1,969,406)	(1,969,406)
At 30 June 2014	68,603,769	(855,221)			7,649,452	12,522,542	(46,202,378)	41,718,164
At 1 July 2014	68,603,769	(855,221)			7,649,452	12,522,542	(46,202,378)	41,718,164
Profit after taxation/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

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



# STATEMENT OF CASH FLOWS

For The Financial Year Ended 30 June 2015

	Note	2015 RM	2014 RM
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>			
Profit/(Loss) before taxation		7,444,494	(2,017,640)
Adjustments for:			
Depreciation of property, plant and equipment		35,295	75,244
Interest expense		748	4,873
Gain on disposal of a subsidiary company		(180,587)	–
Loss on disposal of property, plant and equipment		–	14,552
Interest income		(67,723)	(19,968)
Operating profit/(loss) before working capital changes		7,232,227	(1,942,939)
Increase in receivables		(8,694)	(4,303)
(Decrease)/Increase in payables		(680,815)	1,106,589
Cash generated from/(used in) operations		6,542,718	(840,653)
Interest paid		(748)	(4,873)
Income tax (paid)/refunded		(208,472)	1,382,772
Net cash generated from operating activities		6,333,498	537,246
<b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>			
Advances to subsidiaries		–	(839,523)
Proceeds from disposal of property, plant and equipment		–	96,614
Purchase of property, plant and equipment	32	(49,246)	(31,423)
Proceeds from disposal of investments in subsidiaries		260,400	–
Interest received		67,723	19,968
Net cash generated/(used in) from investing activities		278,877	(754,364)
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>			
Repayment of hire purchase payables		–	(121,939)
Repayment to subsidiaries		–	(1,663,652)
Net cash used in financing activities		–	(1,785,591)
<b>NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES</b>		6,612,375	(2,002,709)
<b>CASH AND BANK BALANCES AT BEGINNING OF FINANCIAL YEAR</b>		469,201	2,471,910
<b>CASH AND BANK BALANCES AT END OF FINANCIAL YEAR</b>		7,081,576	469,201
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>			
Cash and bank balances	21	11,995,280	25,409,767

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015

## 1. CORPORATE INFORMATION

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at 20-2, Subang Business Centre, Jalan USJ 9/5T, 47620 UEP Subang Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 October 2015.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

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

### 2.2 Summary of Significant Accounting Policies

#### (a) Subsidiaries, Jointly Controlled Entities and Basis of Consolidation

##### (i) Subsidiaries

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

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

##### (ii) Jointly Controlled Entities

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

Investments in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (a) Subsidiaries, Jointly Controlled Entities and Basis of Consolidation (Contd.)

##### (iii) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June 2015.

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

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

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

##### (aa) Business Combinations

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

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

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

##### (ab) Non-controlling Interests

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (a) Subsidiaries, Jointly Controlled Entities and Basis of Consolidation (Contd.)

##### (iii) Basis of Consolidation (Contd.)

##### (ac) Acquisitions of Non-controlling Interests

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

##### (ad) Loss of Control

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

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

#### (b) Intangible Assets

##### (i) Goodwill

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (b) Intangible Assets (Contd.)

##### (ii) Others

###### Deferred Expenditure

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

###### Research and Development

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

###### Marketing Rights

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

###### Software Licences

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

#### (c) Property, Plant and Equipment and Depreciation

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

Freehold land and buildings are measured initially at cost, including transaction costs. Subsequent to initial recognition, the freehold land and buildings are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is derived based on Director's valuation by reference to the existing market condition.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (c) Property, Plant and Equipment and Depreciation (Contd.)

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

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

Freehold land and buildings shown at valuation are based on valuation reports by external independent valuers. Revaluations are performed at least once in every five years.

Surpluses arising on revaluation are credited to asset revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the asset revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is recognised in statement of profit or loss and other comprehensive income.

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

#### (d) Investment Properties

Investment property is a property which is held either to earn rental income or for capital appreciation or for both. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is derived based on Director's valuation by reference to the existing market condition.

Gains or losses arising from changes in the fair values of investment property are recognised in statements of profit or loss and other comprehensive income in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or for both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment property is derecognised when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in statements of profit or loss and other comprehensive income in the year in which they arise.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (e) Investments in Subsidiaries

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

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

#### (f) Construction Contracts

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

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

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

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

#### (g) Impairment

##### (i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the financial assets original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (g) Impairment (Contd.)

##### (i) Impairment of Financial Assets (Contd.)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

##### (ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (h) Inventories

Inventories consist of consumables, trading and installation goods.

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

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

#### (i) Financial Instruments

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

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

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

A financial instrument is recognised initially at its fair value plus transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial asset 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (i) Financial Instruments (Contd.)

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

#### (aa) Financial Assets

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

- Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

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

- Held-to-maturity Investments

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

- Loans and Receivables Financial Assets

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

- Available-for-sale Financial Assets

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (i) Financial Instruments (Contd.)

##### (aa) Financial Assets (Contd.)

- Available-for-sale Financial Assets (Contd.)

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

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

##### (ab) Financial Liabilities

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

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

##### (ac) Cash and Cash Equivalents

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

##### (ad) Other Non-Current Investments

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

##### (ae) 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.

##### (af) 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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (i) Financial Instruments (Contd.)

##### (af) Equity Instruments (Contd.)

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

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

#### (j) Hire Purchase and Finance Leases

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (k) Associates

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

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

When the Group's share of losses in the associate equals or exceeds its interest in the associate, the carrying 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.

#### (l) Provisions for Liabilities

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

#### (m) Income Taxes

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (m) Income Taxes (Contd.)

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on the sale of those assets.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

#### (n) Employee Benefits

##### (i) Short-term Benefits

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



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (n) Employee Benefits (Contd.)

##### (ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Certain of the Group's subsidiaries and branches overseas make contributions to their country's statutory pension scheme. Such contributions are recognised as an expense in the profit or loss when incurred.

##### (iii) 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.

#### (o) Revenue Recognition

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

##### (i) Construction Contracts

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

##### (ii) Sale of Goods

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

##### (iii) Revenue from Services

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

##### (iv) Rental Income

Rental income is accounted for on an accrual basis.

##### (v) Dividend Income

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

##### (vi) Interest Income

Interest income is accounted for on an accrual basis.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (p) Foreign Currencies

##### (i) Functional and Presentation Currency

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

##### (ii) Foreign Currency Transactions

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

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

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

##### (iii) Translation of foreign operations

On consolidation, all asset and liabilities of foreign operations that have a functional currency other than Ringgit Malaysia, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the reporting dates.

Income and expense items are translated at average exchange rates.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (p) Foreign Currencies (Contd.)

##### (iii) Translation of foreign operations (Contd.)

All exchange differences arising from the translation of the financial statements of foreign operations are taken to other comprehensive income. Upon disposal of a foreign operation, the exchange translation differences relating to those foreign operations that were recorded within other comprehensive income are recognised in the profit or loss as part of the gain or loss on disposal.

In the case of a partial disposal that does not result in the Group losing control over 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.

#### (q) Contingent Liabilities and Contingent Assets

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

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

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

#### (r) Operating Segments

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.2 Summary of Significant Accounting Policies (Contd.)

#### (s) Related Parties

A party is related to an entity (referred to as the “reporting entity”) if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:-
  - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of MFRS

The financial statements of the Group and Company have been prepared in accordance with the provisions of the 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 the 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and 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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of MFRS (Contd.)

Accounting standards, amendments to accounting standards and interpretations that are effective for the Company's financial year beginning on or after 1 July 2014 are as follows:

- Amendment to MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards"
- Amendment to MFRS 2 "Share-based payment"
- Amendment to MFRS 3 "Business combination"
- Amendment to MFRS 8 "Operating segments"
- Amendment to MFRS 13 "Fair value measurement"
- Amendment to MFRS 116 "Property, plant and equipment and MFRS 138 Intangible Assets"
- Amendments to MFRS 119 "Employee Benefits"
- Amendment to MFRS 124 "Related Party Disclosures"
- Amendment to MFRS 140 "Investment Property"

The impact of the above accounting standards, amendments to accounting standards and interpretations effective during the financial year is not material to the financial results and position of the Company.

Accounting standards, amendments to accounting standards and interpretations that are applicable for the Group and 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 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.

##### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of MFRS (Contd.)

#### ***Annual periods beginning on/after 1 January 2016 (Cont'd.)***

##### 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.

##### 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***

##### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of MFRS (Contd.)

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

##### 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.

The Group 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 Group and the Company.

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

- MFRS 14, "Regulatory Deferral Accounts"
- Amendments to MFRS 116 and MFRS 141, "Agriculture: Bearer Plants"



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.4 Significant Judgement and Estimates

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

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

#### (i) Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGUs to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 30 June 2015 amounted to RM5,912,091 (2014: RM5,912,091). Further details are disclosed in Note 15(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 cost of property, plant and equipment are depreciated on a straight-line basis over the assets' useful lives. Changes in the expected level of usage could impact the economic useful life and the residual values of those assets, therefore future depreciation charges could be revised.

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.4 Significant Judgement and Estimates (Contd.)

#### (iv) Income Taxes

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

#### (v) Impairment of Non-financial Assets

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

#### (vi) 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.

#### (vii) Impairment of Trade and Other Receivables

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.4 Significant Judgement and Estimates (Contd.)

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

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

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

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

## 3. REVENUE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Facilities	73,726,178	61,540,264	–	–
Engineering	19,943,546	26,738,851	–	–
Environment	34,168,724	31,226,744	–	–
Dividend income	–	–	7,650,000	–
Management fees	–	–	2,340,000	2,340,000
Other	178,787	–	178,787	–
	128,017,235	119,505,859	10,168,787	2,340,000

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 4. PROFIT/(LOSS) FROM OPERATIONS (CONTD.)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) from operations is arrived after charging/(crediting):				
Employee benefits expense (Note 5)	34,635,484	32,738,112	1,608,296	2,931,399
Non-executive directors' fees (Note 6)	985,132	686,007	276,400	242,700
Allowance for impairment losses for:				
- trade receivables	296,000	642,734	-	-
- other receivables	17,838	-	-	-
Allowance for slow-moving inventories	118,245	426,304	-	-
Net foreign exchange (gain)/loss:				
- realised	(666,285)	242,671	(14,901)	(14,791)
- unrealised	(160,223)	60,459	-	-
Amortisation of intangible assets - others (Note 16(ii))	5,124	133,250	-	-
Auditors' remuneration#:				
- for the financial year	200,360	225,353	43,000	40,000
- underprovision in the previous financial year	1,274	4,072	-	5,037
Bad debts recovered	-	(263,158)	-	-
Reversal of allowance for impairment losses of:				
- trade receivables	(181,987)	(34,408)	-	-
- jointly controlled entities	(454,795)	-	-	-
Reversal of allowance for impairment losses on investment in jointly controlled entities	(2,639,253)	-	-	-
Depreciation of property, plant and equipment (Note 10)	1,444,004	1,505,315	35,296	75,244
Depreciation of investment properties (Note 11)	43,692	120,473	-	-
Gain on disposal of subsidiary company	178,787	-	-	-
Provision/(Reversal) for end service benefit	70,665	(109,397)	-	-
Provision for retirement benefit obligation	46,426	246,870	-	-
Provision for short-term accumulating compensated absences	7,644	-	-	-
Net (gain)/loss on disposal of property, plant and equipment	(206,855)	(1,303,635)	-	14,552
Gain on disposal of investment properties	(182,430)	-	-	-
Property, plant and equipment written off	1,569	15,957	-	-
Deposit written off	-	17,731	-	-
Rental expense for:				
- buildings	1,269,038	993,083	42,000	42,000
- vehicles	763	42,733	-	-
Rental income from investment properties	(123,500)	(120,200)	-	-

# - Included in the auditors' remuneration of the Group are fees paid to accounting firm other than the Company's auditors for statutory audit fees amounting to RM122,160 (2014: RM82,898).

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries, wages, bonus and allowances	31,927,254	28,414,116	2,184,768	2,710,917
Employees Provident Fund	2,854,213	2,682,527	177,862	183,742
Social Security Contributions	202,443	216,540	4,388	4,839
Other staff related expenses	1,259,870	1,424,929	282,478	31,901
	36,243,780	32,738,112	1,608,296	2,931,399

Included in staff costs of the Group and of the Company are executive directors' emoluments amounting to RM4,303,787 (2014: RM4,991,136) and RM382,400 (2014: RM1,236,000) respectively, as further disclosed in Note 6 to the financial statements.

## 6. DIRECTORS' REMUNERATION

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	1,002,765	1,200,000	–	–
Employees Provident Fund and Social Security contributions	179,508	180,000	108,000	36,000
Bonus	1,800,000	1,200,000	260,000	1,200,000
Fees and other emoluments	49,410	67,149	14,400	–
	3,031,683	2,647,149	382,400	1,236,000
Non-Executive:				
Fees and other emoluments	710,800	622,700	276,400	242,700
	3,742,483	3,269,849	658,800	1,478,700

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 6. DIRECTORS' REMUNERATION (CONTD.)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Directors of Subsidiaries</b>				
Executive:				
Salaries and other emoluments	1,452,870	2,012,210	-	-
Employees Provident Fund and Social Security contributions	482,908	177,074	-	-
Bonus	-	45,000	-	-
Fees	44,083	109,703	-	-
	1,979,861	2,343,987	-	-
Non-executive:				
Fees and other emoluments	420,000	63,307	-	-
	2,399,861	2,407,294	-	-
<b>Total</b>	<b>6,142,344</b>	<b>5,677,143</b>	<b>658,800</b>	<b>1,478,700</b>
<b>Analysis excluding benefits-in-kind:</b>				
Total executive Directors' remuneration excluding benefits-in-kind (Note 5):				
- of the Company	3,031,683	2,647,149	382,400	1,236,000
- of the subsidiaries	1,979,861	2,343,987	-	-
	5,011,544	4,991,136	382,400	1,236,000
Total non-executive Directors' remuneration (Note 4):				
- of the Company	710,800	622,700	276,400	242,700
- of the subsidiaries	420,000	63,307	-	-
	1,130,800	686,007	276,400	242,700
<b>Total Directors' remuneration excluding benefits-in-kind</b>	<b>6,142,344</b>	<b>5,677,143</b>	<b>658,800</b>	<b>1,478,700</b>

Remuneration in the form of benefits-in-kind paid to the executive Directors of the Group for the financial year amounted to RM35,100 (2014: RM47,945 ).

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 6. DIRECTORS' REMUNERATION (CONTD.)

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	
	2015	2014
Executive Directors:		
RM2,600,001 – RM2,650,000	–	1
RM3,000,001 – RM3,050,000	1	–
Non-executive Directors:		
Below RM100,000	3	3
RM100,001 – RM150,000	1	1
RM400,001 – RM450,000	1	1

## 7. FINANCE INCOME, NET

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Interest expense on:				
Bank guarantees	3,775	1,450	–	–
Term loans	31,727	219,224	–	–
Hire purchase and finance lease	149,195	173,273	–	3,969
Others	135,759	124,946	748	904
Interest income	(393,868)	(1,049,109)	(67,723)	(19,968)
	(73,412)	(530,216)	(66,975)	(15,095)

## 8. INCOME TAX EXPENSE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Current tax:</b>				
For the financial year	782,821	2,211,814	–	(48,234)
(Over)/Under provision in prior financial years	(1,426,048)	99,952	–	–
	(643,227)	2,311,766	–	(48,234)

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 8. INCOME TAX EXPENSE (CONTD.)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Deferred tax (Note 29):</b>				
Relating to origination and reversal of temporary differences	788,841	883,315	–	–
Under provision in prior financial years	963,003	597,685	–	–
	1,751,844	1,481,000	–	–
<b>Total tax expense/(saving)</b>	<b>1,108,617</b>	<b>3,792,766</b>	<b>–</b>	<b>(48,234)</b>

The domestic statutory tax rate is 25% (2014: 25%).

A reconciliation of income tax expense applicable to profit/(loss) 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	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) before taxation	12,824,281	13,752,924	7,444,494	(2,017,640)
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	3,206,070	3,438,231	1,861,124	(504,410)
Tax effects of:				
Different tax rates in other countries	(43,157)	(80,793)	–	–
Expenses not deductible for tax purposes	165,166	1,014,334	35,296	456,176
Income not subject to tax	(3,974)	(255,174)	–	–
Income exempted under pioneer status	(325,644)	(259,886)	–	–
Enhanced deductions	(50,306)	(65,147)	–	–
Income tax rebate	(107,200)	(111,406)	–	–
Tax effect of partial tax exemption	(69,720)	(131,180)	–	–
Recognition of previously unrecognised deferred tax assets	(1,515,197)	(1,273,159)	(1,896,420)	–
Deferred tax assets not recognised during the year	315,625	834,805	–	–
(Over)/Under provision in prior financial years:				
- Current tax	(1,426,049)	84,456	–	–
- Deferred tax	963,003	597,685	–	–
	1,108,617	3,792,766	–	(48,234)



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 9. BASIC EARNINGS PER SHARE

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

	2015	2014
Profit attributable to owners of the Company (RM)	8,081,947	6,952,132
Weighted average number of ordinary shares in issue, excluding treasury shares	225,352,427	225,352,427
Basic earnings per share (sen)	3.6	3.1

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

## 10. PROPERTY, PLANT AND EQUIPMENT

	At valuation	At cost				
	Land and 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>						
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 32)	–	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

For The Financial Year Ended 30 June 2015 ... *continued*

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Land and 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 2013	5,035,864	6,798,935	7,827,350	4,356,217	1,322,868	25,341,234
Additions (Note 32)	–	349,611	604,574	129,457	25,479	1,109,121
Disposals	(1,200,000)	(28,835)	(1,189,596)	(125,138)	(297,909)	(2,841,478)
Writeoffs	–	(20,483)	–	(3,478)	–	(23,961)
Translation differences	–	10,161	3,644	3,902	2,921	20,628
At 30 June 2014	3,835,864	7,109,389	7,245,972	4,360,960	1,053,359	23,605,544
<b>Accumulated Depreciation</b>						
At 1 July 2013	928,742	6,071,849	5,159,741	3,584,179	896,525	16,641,036
Charge for the financial year	70,468	280,004	852,519	179,250	123,074	1,505,315
Disposals	(187,062)	(28,230)	(760,697)	(102,677)	(289,092)	(1,367,758)
Writeoffs	–	(7,073)	–	(931)	–	(8,004)
Translation differences	–	9,325	10,856	2,851	2,719	25,751
At 30 June 2014	812,148	6,325,875	5,262,419	3,662,672	733,226	16,796,340
<b>Net Carrying Amount</b>						
At 30 June 2014	3,023,716	783,514	1,983,553	698,288	320,133	6,809,204

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

### Land and Buildings\*

	Freehold Land RM	Freehold Buildings RM	Total RM
<b>Group</b>			
<b>At 30 June 2015</b>			
<b>At Cost</b>			
At 1 July 2014/ 30 October 2014	–	3,835,864	3,835,864
<b>Accumulated Depreciation</b>			
At 1 July 2014	–	812,148	812,148
Charge for the financial year	–	62,070	62,070
At 30 October 2014	–	874,218	874,218
<b>Net Carrying Amount</b>			
At 30 October 2014	–	2,961,646	2,961,646
<b>At Valuation</b>			
At 30 October 2014	–	2,961,646	2,961,646
Revaluation surplus	–	1,373,705	1,373,705
At 30 June 2015	–	4,335,351	4,335,351
<b>At 30 June 2014</b>			
<b>At Cost</b>			
At 1 July 2013	660,000	4,375,864	5,035,864
Disposal	(660,000)	(540,000)	(1,200,000)
At 30 June 2014	–	3,835,864	3,835,864
<b>Accumulated Depreciation</b>			
At 1 July 2013	–	928,742	928,742
Disposal	–	(187,062)	(187,062)
Charge for the financial year	–	70,468	70,468
At 30 June 2014	–	812,148	812,148
<b>Net Carrying Amount</b>			
At 30 June 2014	–	3,023,716	3,023,716

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Motor Vehicle RM	Computer Equipment and Software RM	Furniture, Fittings and Office Equipment RM	Renovation RM	Total RM
<b>Company</b>					
<b>At 30 June 2015</b>					
<b>Cost</b>					
At 1 July 2014	–	456,678	72,129	67,745	596,552
Addition	–	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
<b>At 30 June 2014</b>					
<b>Cost</b>					
At 1 July 2013	230,000	425,256	72,129	67,745	795,130
Addition	–	31,422	–	–	31,422
Disposal	(230,000)	–	–	–	(230,000)
At 30 June 2014	–	456,678	72,129	67,745	596,552
<b>Accumulated Depreciation</b>					
At 1 July 2013	88,168	380,343	46,680	52,396	567,587
Charge during the financial year	30,667	20,593	10,435	13,549	75,244
Disposals	(118,835)	–	–	–	(118,835)
At 30 June 2014	–	400,936	57,115	65,945	523,996
<b>Net Carrying Amount</b>					
At 30 June 2014	–	55,742	15,014	1,800	72,556

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (a) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use amounting to RM10,915,036 (2014: RM9,838,909).
- (b) Net book values of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	2015 RM	Group 2014 RM
Motor vehicles	357,358	927,787
Office equipment	–	6,507
	357,358	934,294

- (c) Freehold buildings of the Group with a carrying amount of RM4,335,351 (2014: RM3,023,716) have been pledged to financial institutions for borrowings as disclosed in Note 28(i)(c).

## 11. INVESTMENT PROPERTIES

	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

	Group 2015 RM
<b>Freehold Buildings</b>	
<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

For The Financial Year Ended 30 June 2015 ... *continued*

## 11. INVESTMENT PROPERTIES (CONTD.)

	Group 2014 RM
<b>Freehold Buildings</b>	
<b>At cost:-</b>	
At 1 July 2014	2,192,194
Less: Accumulated depreciation	(287,261)
Net book value at 30 June	1,904,933
<b>Accumulated depreciation:-</b>	
At 1 July 2013	166,788
Depreciation during the financial year	120,473
At 30 June 2014	287,261

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 Sr. Chuan Tingg Tingg, a registered valuer of 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 RM2,707,967 (2014: RM1,258,887) have been pledged to financial institutions for borrowings, as disclosed in Note 28(i)(c).

The income earned by the Group from rental of investment properties amounted to RM162,200 (2014: RM120,200). Direct operating expenses incurred on the investment properties during the year amounted to RM90,579 (2014: RM89,315 ).

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 2015 are as follows:-

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2015</b>				
Investment properties	–	2,848,101	–	2,848,101
<b>2014</b>				
Investment properties	–	1,904,933	–	1,904,933

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 12. INVESTMENT IN JOINTLY CONTROLLED ENTITY

	2015 RM	Group 2014 RM
Unquoted shares at cost	514,800	514,800
Share of post acquisition results and reserve	2,179,825	2,124,453
	2,694,625	2,639,253
Less: impairment losses	–	(2,639,253)
	2,694,625	–

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

	2015 RM	Group 2014 RM
Revenue	364,800	228,573
Profit/(Loss) for the financial year	55,372	(1,121,873)

	2015 RM	Group 2014 RM
Current assets	1,047,776	3,709,605
Current liabilities	(115,853)	(2,312,131)
Non-current liabilities	(38,558)	(31,472)
Net assets	893,365	1,366,002
Reserve	60,476	296,578
	953,841	1,662,580

Details of the jointly controlled entity are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015	2014	
Multi Link Environmental Services LLC ("MLES")	Abu Dhabi, United Arab Emirates	16.99%	16.99%	Designing, supplying and installing of automated waste collection systems.

In the current financial year, the Group recognises its interests in the jointly controlled entity using the equity method of accounting. In previous financial year, the Group recognised its interests in the jointly controlled entity using proportionate consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 12. INVESTMENT IN JOINTLY CONTROLLED ENTITY (CONTD.)

Amount owing by jointly controlled entity:-

	2015 RM	Group 2014 RM
Trade	–	1,855,825
Less : Allowance for impairment loss	–	(454,795)
	–	1,401,030
Allowance for impairment losses:		
At 1 July 2014/2013	454,795	891,043
Reversal	(454,795)	(436,248)
At 30 June 2015/2014	–	454,795

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

The non-trade balance is unsecured, interest-free and repayable on demand.

The amounts owing are to be settled in cash.

## 13. INVESTMENTS IN SUBSIDIARIES

	2015 RM	Company 2014 RM
Unquoted shares, at cost		
At 1 July 2014/2013	100,825,503	100,825,503
Less: Disposal	(79,813)	–
	100,745,690	100,825,503
Less: Accumulated impairment losses	(58,899,589)	(58,899,589)
At 30 June 2015/2014	41,846,101	41,925,914
Accumulated impairment losses:-		
At 1 July 2014/2013 / At 30 June 2015/2014	(58,899,589)	(58,899,589)

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 in previous financial year of RM46,610,687 represents the write-down of investment in subsidiaries to the Company's share of net assets in its subsidiaries.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 13. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015	2014	
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.
Resource Data Management Asia Sdn. Bhd. ("RDMA")	Malaysia	–	70%	Distribution of electronic control system that provide world class temperature management assurance and flexible building automation for a wide variety of industries.
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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 13. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015	2014	
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.
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.

^ 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) Disposal in the current financial year

On 9 September 2014, the Company and AW Facility Management Sdn Bhd ("AWFM") (a wholly-owned subsidiary of the Company) had disposed the entire shares 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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 13. INVESTMENTS IN SUBSIDIARIES (CONTD.)

### (a) Disposal in the current financial year (Contd.)

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

## 14. OTHER INVESTMENTS

	2015 RM	Group 2014 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

For The Financial Year Ended 30 June 2015 ... *continued*

## 14. OTHER INVESTMENTS (CONTD.)

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015	2014	
Premium Patents Sdn Bhd	Malaysia	24.99%	24.99%	Dormant

## 15. INTANGIBLE ASSETS

### (i) Goodwill

	Group	
	2015 RM	2014 RM
At 1 July 2014/2013 / At 30 June 2015/2014	5,912,091	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	2015 RM	2014 RM
Environment - NSB and its subsidiaries	5,912,091	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 15%. Cash flows beyond the period are not included in the computation of value-in-use on the grounds of prudence.

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

CGU	Gross Margin	Growth Rate	Discount Rate
Environment - NSB and its subsidiaries	37%	4.5%	15%

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 15. INTANGIBLE ASSETS (CONTD.)

### (i) Goodwill (Contd.)

#### (a) Impairment tests for goodwill (Contd.)

##### (i) Gross Margin

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

##### (ii) Revenue Growth

Revenue growth over the 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.

### (ii) Deferred Expenditure

Group	2014 RM	2013 RM
<b>Cost</b>		
At 30 June 2015/2014	10,202,701	10,202,701
<b>Accumulated amortisation</b>		
At 1 July 2014/1 July 2013	10,189,889	10,056,639
Amortisation for the financial year	5,124	133,250
At 30 June 2015/30 June 2014	10,195,013	10,189,889
<b>Net carrying amount</b>		
At 30 June 2015/2014	7,688	12,812

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 16. INVENTORIES

	2015 RM	Group 2014 RM
At cost		
Consumables	490,293	233,873
Trading and installation goods	18,128,848	12,095,517
	18,619,141	12,329,390
Less: Allowance for impairment losses	(1,084,049)	(965,804)
	17,535,092	11,363,586
Allowance for impairment losses:-		
At 1 July 2014/2013	965,804	539,500
Addition	118,245	426,304
At 30 June 2015/2014	1,084,049	965,804

None of the inventories are stated at net realisable value.

## 17. OTHER RECEIVABLES

	2015 RM	Group 2014 RM	2015 RM	Company 2014 RM
Deposits	933,023	1,014,483	260	1,620
Prepayments	318,082	1,680,735	38,723	28,669
Staff loans	131,777	184,281	–	–
Other receivables	1,422,434	3,057,463	–	–
	2,805,316	5,936,962	38,983	30,289
Less: Allowance for impairment losses	(142,523)	(124,685)	–	–
	2,662,793	5,812,277	38,983	30,289
Allowance for impairment losses:-				
At 1 July 2014/2013	(124,685)	(923,547)	–	–
Addition	(17,838)	–	–	–
Written off	–	798,862	–	–
At 30 June 2015/2014	(142,523)	(124,685)	–	–

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 18. TRADE RECEIVABLES

	2015 RM	Group 2014 RM
Trade receivables	30,535,090	41,616,963
Accrued billings	–	193,038
Retention sums on contracts (Note 36 (a) (iii))	10,927,542	11,129,171
	41,462,632	52,939,172
Less: Allowance for impairment losses	(1,965,459)	(1,851,446)
Translation differences	–	(13,000)
	39,487,173	51,074,726
Amount due from customers on contracts (Note 19)	17,344,012	17,094,106
	56,841,185	68,168,832
Allowance for impairment losses:-		
At 1 July 2014/2013	(1,851,446)	(4,204,826)
Addition	(296,000)	(642,734)
Writeback	181,987	34,408
Written off	–	2,961,706
At 30 June 2015/2014	(1,965,459)	(1,851,446)

The Group's normal trade credit terms range from 30 to 90 days (2014: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

## 19. AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	2015 RM	Group 2014 RM
Construction costs incurred to date	37,307,272	43,963,927
Attributable profits	28,910,440	31,720,910
	66,217,712	75,684,837
Less: Progress billings	(50,453,280)	(60,509,843)
	15,764,432	15,174,994
Amount due from customers on contracts (Note 18)	17,344,012	17,094,106
Amount due to customers on contracts (Note 30)	(1,579,580)	(1,919,112)
	15,764,432	15,174,994

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 20. AMOUNTS OWING BY/TO SUBSIDIARIES

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

## 21. DEPOSITS WITH LICENSED BANKS, CASH AND BANK BALANCES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash and bank balances	41,307,842	25,409,767	7,081,576	469,201
Deposits with licensed banks	12,247,401	17,952,830	–	–
	53,555,243	43,362,597	7,081,576	469,201

The Group's deposits with licensed banks amounting to RM1,635,181 (2014: RM1,599,464) have been pledged to banks for credit facilities granted to certain subsidiaries, as disclosed in Note 28(i)(a).

## 22. SHARE CAPITAL

	Par Value	Number of Ordinary Shares		Amount	
		2015	2014	2015 RM	2014 RM
Authorised					
Ordinary shares					
At 30 June 2015/2014	RM0.30	1,666,666,666	1,666,666,666	500,000,000	500,000,000
Issued and fully paid-up					
Ordinary shares					
At 30 June 2015/2014	RM0.30	228,679,227	228,679,227	68,603,769	68,603,769

### (a) 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 new ESOS, the main features of which are as follows:-



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 22. SHARE CAPITAL (CONTD.)

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

- (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.

During the financial year, no options have been granted by the Company to the eligible Directors, senior management and employees of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 22. SHARE CAPITAL (CONTD.)

### (b) Treasury Shares

	Par Value	Number of Ordinary Shares		Amount	
		2015	2014	2015 RM	2014 RM
Ordinary shares					
At 30 June					
2015/2014	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.

## 23. 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.

## 24. 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.

## 25. 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

For The Financial Year Ended 30 June 2015 ... *continued*

## 26. REVALUATION RESERVE

On 30 October 2014, Ambang Wira Sdn. Bhd., a subsidiary of the Company has revalued its buildings with a surplus of RM2,928,133. Details are as follow:-

	Group 2015 RM
<b>Property, plant and equipment</b>	
- Freehold buildings	1,373,703
<b>Investment properties</b>	
- Freehold buildings	1,554,430
	2,928,133

## 27. 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.

## 28. BORROWINGS

	2015 RM	Group 2014 RM
<b>Short-term borrowings</b>		
Secured:		
Term loan	-	809,160
Revolving credit	1,511,413	-
Hire purchase and finance lease payables (Note 28(iii))	301,306	269,196
	1,812,719	1,078,356
<b>Long-term borrowings</b>		
Secured:		
Term loan	-	1,153,713
Hire purchase and finance lease payables (Note 28(iii))	337,551	779,109
	337,551	1,932,822

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 28. BORROWINGS (CONTD.)

	2015 RM	Group 2014 RM
<b>Total borrowings</b>		
Term loan	–	1,962,873
Revolving credit	1,511,413	–
Hire purchase and finance lease payables (Note 28(iii))	638,857	1,048,305
	<b>2,150,270</b>	<b>3,011,178</b>
<b>Maturity of borrowings (excluding hire purchase and finance lease payables)</b>		
Not later than 1 year	1,511,413	809,160
Later than 1 year and not later than 2 years	–	809,160
Later than 2 year and not later than 5 years	–	344,553
	<b>1,511,413</b>	<b>1,962,873</b>

- (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 21 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 the freehold land and freehold buildings of the Group as disclosed in Note 10(c) and Note 11 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 RM62,857 (2014: RM62,857).

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 28. BORROWINGS (CONTD.)

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

	2015 RM	Group 2014 RM
<b>Minimum lease payments</b>		
Not later than 1 year	320,793	295,801
Later than 1 year and not later than 2 years	220,228	479,938
Later than 2 years and not later than 5 years	148,287	316,563
	689,308	1,092,302
Less : Future finance charges	(50,451)	(43,997)
	638,857	1,048,305
<b>Present value of finance lease payables</b>		
Not later than 1 year	301,306	269,196
Later than 1 year and not later than 2 years	249,652	463,428
Later than 2 year and not later than 5 years	87,899	315,681
	638,857	1,048,305
<b>Analysed as</b>		
Due within 12 months	301,306	269,196
Due after 12 months	337,551	779,109
	638,857	1,048,305

(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 2015, the Group has complied with all the requirements of the covenants.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 29. DEFERRED TAX

	2015 RM	Group 2014 RM
At 1 July 2014/2013	(1,963,579)	(3,445,032)
Translation differences	360,257	453
Recognised in profit or loss (Note 8)	1,751,844	1,481,000
At 30 June 2015/2014	148,522	(1,963,579)

	2015 RM	Group 2014 RM
Deferred tax comprised the following:		
Deferred tax assets	(311,156)	(2,063,000)
Deferred tax liabilities	162,634	99,421
	148,522	(1,963,579)

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 2013	49,415	(14,604)	34,811
Recognised in profit or loss	101,115	(36,505)	64,610
At 30 June 2014	150,530	(51,109)	99,421
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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 29. DEFERRED TAX (CONTD.)

### Deferred Tax Assets of the Group:

	Payables RM	Allowance for Impairment Losses RM	Others RM	Total RM
At 1 July 2013	(3,460,173)	(33,449)	(50,378)	(3,544,000)
Recognised in profit or loss	1,610,163	–	(129,163)	1,481,000
At 30 June 2014	(1,850,010)	(33,449)	(179,541)	(2,063,000)
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)

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

	2015 RM	Group 2014 RM
Unutilised tax losses	4,026,991	4,227,207
Unabsorbed capital allowances	–	16,061
Others	2,466,793	2,504,245
	6,493,784	6,747,513

## 30. TRADE PAYABLES

	2015 RM	Group 2014 RM
Trade payables	19,142,554	20,141,007
Amount due to customers on contracts (Note 19)	1,579,580	1,919,112
	20,722,134	22,060,119

The credit period granted to the Group range from 30 to 90 days (2013: 30 to 90 days).

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 31. OTHER PAYABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current:				
Accruals	7,776,541	7,796,025	777,250	1,747,270
Provision for short-term accumulating compensated absences	332,066	208,140	27,378	40,744
Retirement benefit obligation	302,206	302,206	–	–
Sundry payables	1,111,634	2,545,974	–	60
GST output	188,108	–	29,640	–
	9,710,555	10,852,345	834,268	1,788,074
Non-current:				
Retirement benefit obligation	2,500,719	2,483,609	–	–
	12,211,274	13,335,954	834,268	1,788,074

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	
	2015 RM	2014 RM
Present value of unfunded defined benefit obligations	2,802,925	2,785,814
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 year and not later than 3 years	383,165	383,165
- more than 3 years	1,734,389	1,717,278
	2,500,719	2,483,608
	2,802,925	2,785,814



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 31. OTHER PAYABLES (CONTD.)

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

	2015 RM	Group 2014 RM
Current service cost	33,891	193,280
Interest cost	12,535	53,590
	46,426	246,870

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

	2015 RM	Group 2014 RM
At 1 July 2014/2013	2,785,814	2,699,432
Add: Provision for the financial year	46,426	246,870
Less: Payment during the financial year	(29,315)	(160,488)
At 30 June 2015/2014	2,802,925	2,785,814

Principal actuarial assumptions used:

	2015 %	Group 2014 %
Discount rate	5.0	5.0
Expected salary increment rate	6.0	6.0

## 32. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	2015 RM	Group 2014 RM	Company 2015 RM	2014 RM
Cost of plant and equipment purchased (Note 10)	1,597,753	1,109,121	49,246	31,422
Amount financed through finance lease and hire purchase	(142,108)	(352,482)	–	–
Cash disbursed for purchase of plant and equipment	1,455,645	756,639	49,246	31,422

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 33. OPERATING LEASE COMMITMENTS

### Leases As Lessee

	Group	
	2015 RM	2014 RM
Future minimum lease payments under the non-cancellable operating leases are as follows:-		
Not later than 1 year	240,111	668,928
Later than 1 year and not later than 2 years	52,905	387,945
Later than 2 year and not later than 5 years	3,260	738,408
	296,276	1,795,281

## 34. CONTINGENT LIABILITY

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Unsecured:</b>				
Corporate guarantee given to banks for credit facilities granted to subsidiaries	–	–	20,800,000	22,004,108

## 35. 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) the directors who are the key management personnel.

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Rental expenses paid to directors of a subsidiary, Gan Geok Soon and Sri Skanda Rajah A/L S. Ratnam	66,500	66,500	–	–

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 35. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Short-term employee benefits paid/payable to key management personnel	5,261,919	6,752,709	658,800	1,478,700
Management fee charged to subsidiaries	–	–	(2,340,000)	(2,340,000)
Rental expense payable to a subsidiary	–	–	42,000	42,000
Dividend income from subsidiaries	–	–	(7,650,000)	–

## 36. FINANCIAL INSTRUMENTS

### (a) Financial Risk Management Objectives and Policies

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

### (i) Market Risk

#### (aa) Interest Rate Risk

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 36. FINANCIAL INSTRUMENTS (CONTD.)

### (a) Financial Risk Management Objectives and Policies (Contd.)

#### (i) Market Risk (Contd.)

##### (aa) Interest Rate Risk (Contd.)

##### Interest Rate Risk Sensitivity Analysis

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

	Group		Company	
	2015 Increase/ (Decrease) RM	2014 Increase/ (Decrease) RM	2015 Increase/ (Decrease) RM	2014 Increase/ (Decrease) RM
Effect on profit after taxation/equity:				
Increase of 100 basis points	(55,288)	(14,722)	–	–
Decrease of 100 basis points	55,288	14,722	–	–

##### (ab) 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.

## 36. FINANCIAL INSTRUMENTS (CONTD.)

## (a) Financial Risk Management Objectives and Policies (Contd.)

## (i) Market Risk (Contd.)

## (ab) Foreign Exchange Risk (Contd.)

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

Group 2015	GBP RM	SGD RM	USD RM	EURO RM	SEK 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	25,663,509	39,487,173
Deposits with licensed banks, cash and bank balances	-	5,320,563	8,142	-	-	3,615,498	107,632	44,503,409	53,555,243
	-	16,128,967	8,142	-	-	4,690,367	2,358,982	72,200,670	95,387,127
<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
<b>Net financial (liabilities)/assets</b>	-	9,382,066	8,142	-	-	1,931,358	2,275,656	56,062,349	69,659,571
<b>Less: Net financial assets denominated in the entity's functional currency</b>	-	(4,407,639)	-	-	-	(1,931,358)	(2,275,656)	(56,062,349)	(64,677,002)
<b>Currency exposure</b>	-	4,974,427	8,142	-	-	-	-	-	4,982,569

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 36. FINANCIAL INSTRUMENTS (CONTD.)

### (a) Financial Risk Management Objectives and Policies (Contd.)

#### (i) Market Risk (Contd.)

##### (ab) Foreign Exchange Risk (Contd.)

Group 2015	GBP RM	SGD RM	USD RM	EURO RM	SEK RM	AED RM	QAR RM	MYR RM	Total RM
<b>Financial assets</b>									
Amount owing by jointly controlled entity	-	-	-	-	-	1,234,078	-	166,952	1,401,030
Other receivables	-	137,813	-	-	-	-	2,860	3,990,869	4,131,542
Trade receivables	-	9,917,851	956	-	-	10,344,040	1,183,080	29,628,799	51,074,726
Deposits with licensed banks, cash and bank balances	-	7,150,226	483,931	-	-	6,392,133	208,904	29,127,403	43,362,597
	-	17,205,890	484,887	-	-	17,970,251	1,394,844	62,914,023	99,969,895
<b>Financial liabilities</b>									
Trade payables	39,047	3,055,891	230,516	706,573	1,211,722	4,829,427	83,812	9,984,018	20,141,006
Other payables	-	1,343,097	-	-	-	1,801,539	113,520	10,077,797	13,335,953
Term loan	-	-	-	-	-	-	-	1,962,873	1,962,873
Hire purchase and finance lease payables	-	160,554	-	-	-	-	-	887,751	1,048,305
	39,047	4,559,542	230,516	706,573	1,211,722	6,630,966	197,332	22,912,439	36,488,137
<b>Net financial (liabilities)/assets</b>	(39,047)	12,646,348	254,371	(706,573)	(1,211,722)	11,339,285	1,197,512	40,001,584	63,481,758
<b>Less: Net financial assets denominated in the entity's functional currency</b>	-	(12,660,391)	-	-	-	(11,339,285)	(1,197,512)	(40,001,584)	(65,198,772)
<b>Currency exposure</b>	(39,047)	(14,043)	254,371	(706,573)	(1,211,722)	-	-	-	(1,717,014)

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 36. FINANCIAL INSTRUMENTS (CONTD.)

### (a) Financial Risk Management Objectives and Policies (Contd.)

#### (i) Market Risk (Contd.)

##### (ab) Foreign Exchange Risk (Contd.)

###### Foreign currency risk sensitivity analysis

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

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

##### (ac) Equity Price Risk

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

#### (ii) Liquidity Risk

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

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

	Weighted Average Effective Rate	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM
<b>Group</b>					
<b>2015</b>					
Trade payables	–	20,722,134	20,722,134	20,722,134	–
Other payables	–	12,211,268	12,211,268	12,211,268	–
Revolving credit	12%	1,511,413	1,511,413	1,511,413	–
Hire purchase and finance lease payable	3.31% - 7.21%	638,857	638,857	301,306	337,551
		35,083,672	35,083,672	34,746,121	337,551

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 36. FINANCIAL INSTRUMENTS (CONTD.)

### (a) Financial Risk Management Objectives and Policies (Contd.)

#### (ii) Liquidity Risk (Contd.)

	Weighted Average Effective Rate	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM
<b>Group</b>					
<b>2014</b>					
Trade payables	–	20,722,134	20,722,134	20,722,134	–
Other payables	–	12,211,268	12,211,268	12,211,268	–
Term loan	6.90%	1,511,413	1,511,413	1,511,413	–
Hire purchase and finance lease payable	3.31% - 7.21%	638,857	638,857	301,306	337,551
		35,083,672	35,083,672	34,746,121	337,151
	Weighted Average Effective Rate	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM
<b>Company</b>					
<b>2015</b>					
Other payables	–	834,264	834,264	834,264	–
	Weighted Average Effective Rate	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM
<b>Company</b>					
<b>2014</b>					
Other payables	–	1,788,074	1,788,074	1,788,074	–



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 36. FINANCIAL INSTRUMENTS (CONTD.)

### (a) Financial Risk Management Objectives and Policies (Contd.)

#### (iii) Credit Risk

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

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

#### Credit Risk Concentration Profile

The Group's major concentration of credit risk related to the amounts owing by 2 customers which constitute approximately 21% (2014: 44%) of its trade receivables at the end of the reporting period.

#### Exposure to Credit Risk

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

The exposure of credit risk for trade receivables by (other than amount due from customers on contracts) geographical region are as follows:-

	2015 RM	Group 2014 RM
Qatar	2,230,359	1,183,080
Singapore	10,598,069	9,917,851
United States	–	956
United Arab Emirates	995,236	10,344,040
Malaysia	25,673,509	29,628,799
	39,497,173	51,074,726

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 36. FINANCIAL INSTRUMENTS (CONTD.)

### (a) Financial Risk Management Objectives and Policies (Contd.)

#### (iii) Credit Risk (Contd.)

##### Ageing Analysis

The ageing analysis of the Group's trade receivables (other than amount due from customers on contracts) at the end of the reporting period is as follows:-

Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
<b>2015</b>				
Not past due	18,982,316	–	–	18,982,316
Past due:				
- less than 3 months	6,458,707	–	–	6,458,707
- 3 to 6 months	491,225	–	–	491,225
- over 6 months	15,530,384	(1,965,459)	–	*13,564,925
	41,462,632	(1,965,459)	–	39,497,173
<b>2014</b>				
Not past due	16,711,989	–	–	16,711,989
Past due:				
- less than 3 months	14,030,383	–	–	14,030,383
- 3 to 6 months	3,554,074	–	–	3,554,074
- over 6 months	18,629,726	(1,851,446)	–	*16,778,280
	52,926,172	(1,851,446)	–	51,074,726

\* - included retention sum of RM10,927,542 (2014: RM11,129,171) as disclosed in Note 18 to the financial statements.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 36. FINANCIAL INSTRUMENTS (CONTD.)

### (a) Financial Risk Management Objectives and Policies (Contd.)

#### (iii) Credit Risk (Contd.)

##### Ageing Analysis (Contd.)

##### Trade receivables that are past due but not impaired

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

##### Trade receivables that are neither past due nor impaired

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

### (b) Capital Risk Management

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

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

### (c) Fair Values

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 (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of long term finance lease liabilities carried on the statements of financial position are estimated using valuation technique under the hierarchy level 2 mentioned above whereby the expected future cash flows are discounted at the market interest rate for similar types of borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 36. FINANCIAL INSTRUMENTS (CONTD.)

### (c) Fair Values (Contd.)

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

	Group		Company	
	Carrying Value RM	Fair Value RM	Carrying Value RM	Fair Value RM
<b>Financial Liabilities</b>				
<b>At 30 June 2015</b>				
Hire purchase and finance lease payables	638,857	638,857	—	—
<b>At 30 June 2014</b>				
Hire purchase and finance lease payables	1,048,305	1,048,305	—	—

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

- The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.
- The fair values of hire purchase payables are determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period

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

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Hire purchase payables	4.56	4.56	4.56	4.56

- The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 37. OPERATING SEGMENTS

### (a) Business Segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. Each of the strategic business units operating results are reviewed regularly by the 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), Heating, Ventilation and Air-Conditioning Systems (HVAC), integrated installation of electrical systems, energy saving and lift systems.
- (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

For The Financial Year Ended 30 June 2015 ... *continued*

## 37. OPERATING SEGMENTS (CONTD.)

### (a) Business Segments (Contd.)

	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	3,912,462	1,736,462	6,060,049	–	11,326,687
Depreciation and amortisation	(35,295)	(694,644)	(140,165)	(671,509)	–	(1,541,613)
Impairment loss on:						
- goodwill	–	–	–	–	–	–
- subsidiaries	–	–	–	–	–	–
Allowance for impairment loss on:						
- trade receivables	–	–	(36,000)	–	–	(36,000)
- other receivables	–	–	–	–	–	–
- jointly controlled entity	–	–	–	–	–	–
Bad debts written off	–	–	–	–	–	–
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 (cost) / income	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

For The Financial Year Ended 30 June 2015 ... *continued*

## 37. OPERATING SEGMENTS (CONTD.)

### (a) Business Segments (Contd.)

	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
Defferred tax liabilities						162,634
Provision for taxation						567,857
Consolidated total liabilities						36,023,805
<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

For The Financial Year Ended 30 June 2015 ... *continued*

## 37. OPERATING SEGMENTS (CONTD.)

### (a) Business Segments (Contd.)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Adjustment and Eliminations RM	Per Consolidated Financial Statements RM
<b>30 June 2014</b>						
<b>Revenue</b>						
External revenue	–	61,540,264	26,738,851	31,226,744	–	119,505,859
Inter-segment revenue	2,340,000	9,630,970	1,048,185	–	(13,019,155)	–
	2,340,000	71,171,234	27,787,036	31,226,744	(13,019,155)	119,505,859
<b>Results</b>						
Results before the following adjustments	(1,949,471)	8,352,991	1,080,910	7,356,865	–	14,841,295
Depreciation and amortisation	(75,244)	(882,719)	(113,845)	(687,229)	–	(1,759,037)
Impairment loss on:						
- goodwill	–	–	–	–	–	–
- subsidiaries	–	–	–	–	–	–
Allowance for impairment loss on:						
- trade receivables	–	(11,412)	(631,322)	–	–	(642,734)
- other receivables	–	–	–	–	–	–
- jointly controlled entity	–	–	–	–	–	–
Bad debts written off	–	–	–	–	–	–
Other non-cash items	(14,552)	(28,801)	897,115	(70,578)	–	783,184
Segment results	(2,039,267)	7,430,059	1,232,858	6,599,058	–	13,222,708
Net finance (cost) / income	15,126	169,589	(47,592)	393,093	–	530,216
Income tax expense						(3,792,766)
Consolidated profit after taxation for the financial year						9,960,158



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 37. OPERATING SEGMENTS (CONTD.)

### (a) Business Segments (Contd.)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Adjustment and Eliminations RM	Per Consolidated Financial Statements RM
<b>30 June 2014</b>						
<b>Assets</b>						
Segment assets	43,948,322	45,551,518	30,072,674	71,466,615	(46,290,106)	144,749,023
Tax recoverable						1,497,473
Deferred tax assets						2,063,000
Consolidated total assets						148,309,496
<b>Liabilities</b>						
Segment liabilities	1,790,775	24,130,453	9,999,725	12,929,332	(10,304,063)	38,546,222
Deferred tax liabilities						99,421
Provision for taxation						2,871,899
Consolidated total liabilities						41,517,542
<b>Other segment items</b>						
Additions to non-current assets other than financial instruments - property, plant and equipment	31,422	686,100	82,307	309,292		1,109,121

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 37. OPERATING SEGMENTS (CONTD.)

### (b) Geographical Segment

	Malaysia RM	Singapore RM	Qatar RM	United Arab Emirates, Abu Dhabi RM	Total RM
<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
<b>30 June 2014</b>					
Revenue	81,695,013	32,084,753	1,176,181	4,549,912	119,505,859
Non-current assets	15,747,519	416,035	2,403	537,744	16,703,701

### (c) Information About Major Customer

The following are major customers with revenue equal to or more than 10% of the Group revenue:-

		2015 RM	Group 2014 RM
	<b>Segment</b>		
Kementerian Kerja Raya Malaysia	Facilities	46,396,127	46,102,824

## 38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 9 September 2014, the Company disposed its entire shareholding in Resource Data Management Asia Sdn. Bhd. ("RDMA") representing 217,000 ordinary shares of RM1.00 each for a purchase consideration amounting to RM260,400. Consequently, the Company ceased to be the holding company of RDMA.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

## 39. SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

- a) The Company has on 29 July 2015 entered into a conditional share sale agreement ("SSA") with Tan Siew Kheng ("TSK"), Chee Kar Ming ("CKM"), Tan Lay Kuen ("TLK") and Soo Chow Mei ("SCM") (collectively known as the "Vendors") for the proposed acquisition of 750,000 Qudotech Shares and 500,000 DDT Shares, representing the entire equity interest of Qudotech and DDT ("Sale Share(s)"), for a total consideration of RM26.50 million ("Purchase Consideration") to be satisfied by a combination of cash and issuance and allotment of new ordinary shares of par value RM0.30 each in AWC ("AWC Share(s)"). An approval by the shareholders was sought and approved on the 1st October 2015 with the completion of the acquisition on the 9th October 2015; and
- b) 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2015 ... *continued*

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

The breakdown of the realised and unrealised (accumulated losses)/retained profits 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	
	2015 RM	2014 RM	2015 RM	2014 RM
Total (accumulated losses)/retained profits:				
- Realised	46,381,479	42,889,518	(38,757,880)	(46,202,378)
- Unrealised	308,745	1,903,120	–	–
	46,690,224	44,792,638	(38,757,880)	(46,202,378)
Total share of retained profits of jointly controlled entity:				
- Realised	2,694,625	–	–	–
	49,384,849	44,792,638	(38,757,880)	(46,202,378)
Less: Consolidation adjustments	(39,283,337)	(42,773,073)	–	–
At 30 June 2015/2014	10,101,512	2,019,565	(38,757,880)	(46,202,378)

# SUMMARY OF GROUP PROPERTIES

At 30 June 2015

No.	Owner	Location	Description	Existing use	Land area (Sq. ft.)	Built-up area (Sq. ft.)	Tenure	Approximate age of building	Audited net book value as at 30 June 2015 (RM)
1.	AWSB	An intermediate shop lot and six intermediate office lots known as parcel Nos. S23A-1, Level 1, S23A-2, Level 2, S23A-3, Level 3, S23A-3A, Level 3A, S23A-5, Level 5, S23A-6, Level 6 and S23A-7, Level 7, respectively all in Block S23A in Subang Business Centre erected on part of the land held under Grant 54290, Lot 50530, Pekan Subang Jaya, District of Petaling, Selangor Darul Ehsan	Shop lot and office lots	Office	–	11.737	Freehold	19 years	3,329,584
2.	AWSB	An intermediate shop lot and six intermediate office lots known as parcel Nos. S25-1, Level 1, S25-2, Level 2, S25-3, Level 3, S25-3A, Level 3A, S25-5, Level 5, S25-6, Level 6 and S25-7, Level 7, respectively all in Block S25 in Subang Business Centre erected on part of the land held under Grant 54290, Lot 50530, Pekan Subang Jaya, District of Petaling, Selangor Darul Ehsan	Shop lot and office lots	Office	–	11.737	Freehold	19 years	3,783,967
3.	M&C (M)	One-unit of apartment known as Sub Lot No. 4-29, City Heights Apartments, Taman Sri Sungai Chua, Kajang, Selangor erected on part of land held under HSM 22288, PT 50453, Section 1, Tempat Batu 18 1/2, Mukim Kajang, District of Ulu Langat, Selangor Darul Ehsan	Apartment	Vacant	–	860	Freehold	14 years	69,901
		TOTAL							7,185,452

# ANALYSIS OF SHAREHOLDINGS

As At 30 September 2015

Authorised Capital	:	RM 500,000,000.00
Issued and Fully Paid Capital	:	RM 68,603,768.10
Class of Equity Securities	:	Ordinary Shares of RM0.30 each
Voting Rights 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	1,862	133,997	0.06
100 - 1,000	1,500	796,409	0.35
1,001 - 10,000	2,421	13,413,023	5.95
10,001- 100,000	1,557	53,631,714	23.80
100,001 - less than 5% of the issued shares	201	77,937,767	34.59
5% and above of the issued shares	1	79,439,517	35.25
<b>Total</b>	<b>7,542</b>	<b>225,352,427</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 2015

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Ordinary Shares of RM0.30 each			
	Direct Interest	%*	Indirect Interest	%*
K-Capital Sdn Bhd ("K-Cap")	79,442,459	35.25	—	—
Dato' Ahmad Kabeer bin Mohamed Nagoor	2,480,000	1.10	79,449,652 <sup>a</sup>	35.26

Notes:

<sup>a</sup> Deemed interested by virtue of his interest in K-Cap and AKN Capital Sdn. Bhd.

## DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2015

(As per the Register of Directors' Shareholdings)

Name of Directors	No. of Ordinary Shares of RM0.30 each			
	Direct Interest	%*	Indirect Interest	%*
Dato' Nik Mod Amin bin Nik Abd Majid	—	—	—	—
Dato' Ahmad Kabeer bin Mohamed Nagoor	2,480,000	1.10	79,449,652 <sup>a</sup>	35.26
Dato' Sulaiman bin Mohd Yusof	100,000	0.04	—	—
N Chanthiran A/L Nagappan	92,000	0.04	—	—
Roslan bin Mohd Latif	220,000	0.10	—	—
Datuk Syed Hussian bin Syed Junid	78,900	0.03	—	—

Notes:

<sup>a</sup> Deemed interested by virtue of his interest in K-Cap and AKN Capital Sdn. Bhd.

# ANALYSIS OF SHAREHOLDINGS

As At 30 September 2015 ... *continued*

## 30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2015

(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	35.25
2.	Zainab Binti Abdul Rahman	4,302,500	1.91
3.	Chan Ai Sim	3,970,000	1.76
4.	Ho Shu Keong	2,694,200	1.20
5.	Md. Shah Bin Abu Hasan	2,400,000	1.06
6.	Md. Shah Bin Abu Hasan	2,000,000	0.89
7.	Shaul Hamid Bin Madar	1,878,100	0.83
8.	Slam Resources Sdn. Bhd.	1,840,000	0.82
9.	Ahmad Kabeer Bin Mohamed Nagoor	1,480,000	0.66
10.	Tengen Supplies Sdn.Bhd.	1,414,900	0.63
11.	Chan Ai Sim	1,400,000	0.62
12.	Lim Chong Chang	1,300,000	0.58
13.	Md. Shah Bin Abu Hasan	1,262,000	0.56
14.	Law King Yong	1,246,000	0.55
15.	Noor Amin Bin Abdul Rahman	1,195,000	0.53
16.	Ho Peng Chong	1,188,000	0.53
17.	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Chong Lee Fong	1,112,600	0.49
18.	Ng Chin Chuang	1,075,000	0.48
19.	Ahmad Kabeer Bin Mohamed Nagoor	1,000,000	0.44
20.	Md. Shah Bin Abu Hasan	1,000,000	0.44
21.	Sreekumar A/L P Narayana Pillai	1,000,000	0.44
22.	Wong Lye Huat	850,000	0.38
23.	Majestic Fleet Sdn Bhd	800,000	0.35
24.	Khor Teik Beng	700,000	0.31
25.	Tan Ka Lian	700,000	0.31
26.	Ho Foo You	616,200	0.27
27.	Goh Sau Ming	612,000	0.27
28.	HLIB Nominees (Tempatan) Sdn Bhd - Pledged securities account for Leow Kuan Shu	600,000	0.27
29.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged securities account for Liow Yit Lee	550,000	0.24
30.	Koperasi Pembangunan Daerah Johor Bahru Berhad	550,000	0.24

\* 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 Fourteenth Annual General Meeting of AWC BERHAD (“the Company”) will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 23 November 2015 at 2.30 p.m. to transact the following businesses:-

## AGENDA

### As ordinary business:

- |    |  |                               |
|----|--|-------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2015 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 2015.   | <b>(RESOLUTION 1)</b>         |
| 3. | To re-elect the following Directors who retire by rotation in accordance with Article 103 of the Company’s Articles of Association :   |                               |
|    | i. Dato’ Nik Mod Amin Bin Nik Abd Majid  | <b>(RESOLUTION 2)</b>         |
|    | ii. Encik Roslan Bin Mohd Latif  | <b>(RESOLUTION 3)</b>         |
| 4. | 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>(RESOLUTION 4)</b>         |

### As Special Business :

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

- |    |   |                       |
|----|---|-----------------------|
| 5. | <b>ORDINARY RESOLUTION 1</b><br><b>-GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965</b> | <b>(RESOLUTION 5)</b> |
|----|---|-----------------------|

“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.”



# NOTICE OF ANNUAL GENERAL MEETING

... continued

## 6. ORDINARY RESOLUTION 2

(RESOLUTION 6)

### -RENEWAL OF THE AUTHORITY FOR THE SHARE BUY-BACK BY THE COMPANY ("PROPOSED RENEWAL")

"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 manner:-
  - a. cancel all or part of the purchased Shares; and/or
  - b. retain all or part of the purchased Shares as treasury shares; and/or
  - c. resell the treasury shares on Bursa Securities; and/or
  - d. distribute the treasury shares as share dividends to the shareholders of the Company for the time being.

AND THAT the authority conferred by this resolution shall commence upon the passing of this resolution until:-

- i. the conclusion of the next Annual General Meeting ("AGM") of the Company, unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- ii. the expiration of the period within which the next AGM after that date is required by law to be held; or
- iii. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting of the Company,

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company of the Shares before the aforesaid expiry date and made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any other relevant government and/or regulatory authorities;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Renewal with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of the Shares."

# NOTICE OF ANNUAL GENERAL MEETING

... continued

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

By order of the Board

**TEA SOR HUA (MACS 01324)**  
**YONG YEN LING (MAICSA 7044771)**  
*Company Secretaries*

Petaling Jaya, Selangor Darul Ehsan  
Date : 30 October 2015

## 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 a 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 Meeting is entitled to appoint up to two (2) proxies to attend and vote at the same 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 at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or at any adjournment thereof.
- 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 16 November 2015. Only members whose name appears in the Record of Depositors as at 16 November 2015 shall be entitled to attend the Meeting and to speak and vote thereat.

# NOTICE OF ANNUAL GENERAL MEETING

... continued

## EXPLANATORY NOTES TO SPECIAL BUSINESS

### 1. Item 5 of the Agenda

The Resolution 5 proposed under item 5 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 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 Annual General Meeting.

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 Thirteenth Annual General Meeting held on 12 December 2014 which will lapse at the conclusion of the Fourteenth Annual General Meeting.

### 2. Item 6 of the Agenda

The Resolution 6 proposed under item 6 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 30 October 2015 for further details.

# 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 Fourteenth Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 23 November 2015 at 2.30 p.m. and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her discretion.

No.	Resolutions	For	Against
1.	To approve the payment of Directors' fees for the financial year ended 30 June 2015.		
2.	To re-elect Dato' Nik Mod Amin Bin Nik Abd Majid as Director who retires by rotation pursuant to Article 103 of the Company's Articles of Association.		
3.	To re-elect Encik Roslan Bin Mohd Latif as Director who retires by rotation 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 authorise the Directors to allot shares pursuant to Section 132D of the Companies Act, 1965.		
6.	To approve the renewal of authority for the Share buy-back by the Company.		

\* delete whichever not applicable

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

CDS Account No.	
Number of Shares Held	

Percentage of shareholdings to be represented by the proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
TOTAL		100

Signature of Member(s)/Common Seal

## NOTES:

- A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint up to two (2) proxies to attend and vote at the same 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.
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- 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.
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AFFIX  
STAMP

**The Company Secretary**  
**AWC BERHAD (550098-A)**  
Third Floor, No. 79 (Room A),  
Jalan SS21/60, Damansara Utama,  
47400 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia

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**AWC BERHAD**  
(Company No. 550098-A)

20-2, Subang Business Centre  
Jalan USJ 9/5T, 47620 UEP Subang Jaya, Selangor Darul Ehsan, Malaysia.  
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