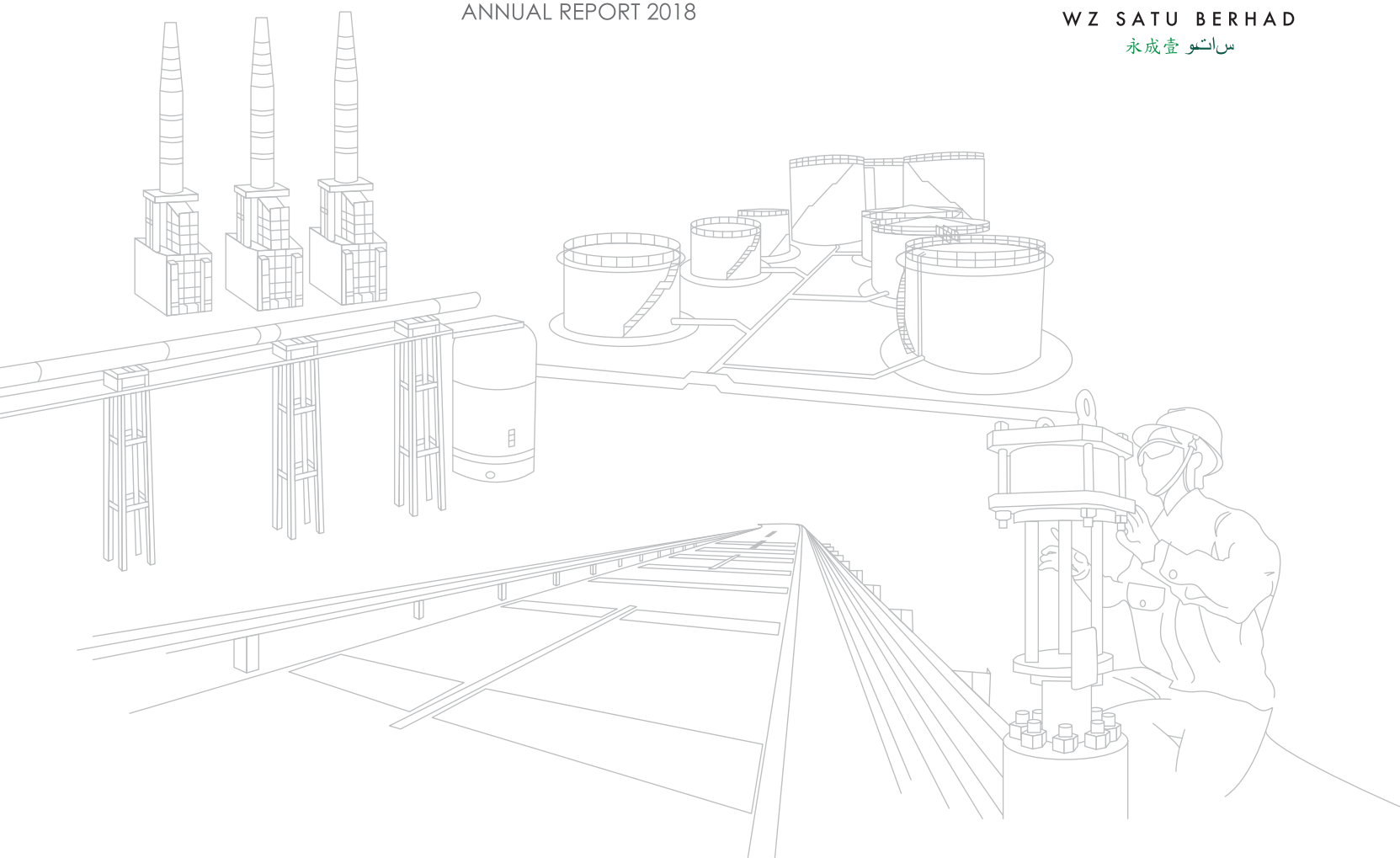
TAKING ON CHALLENGES

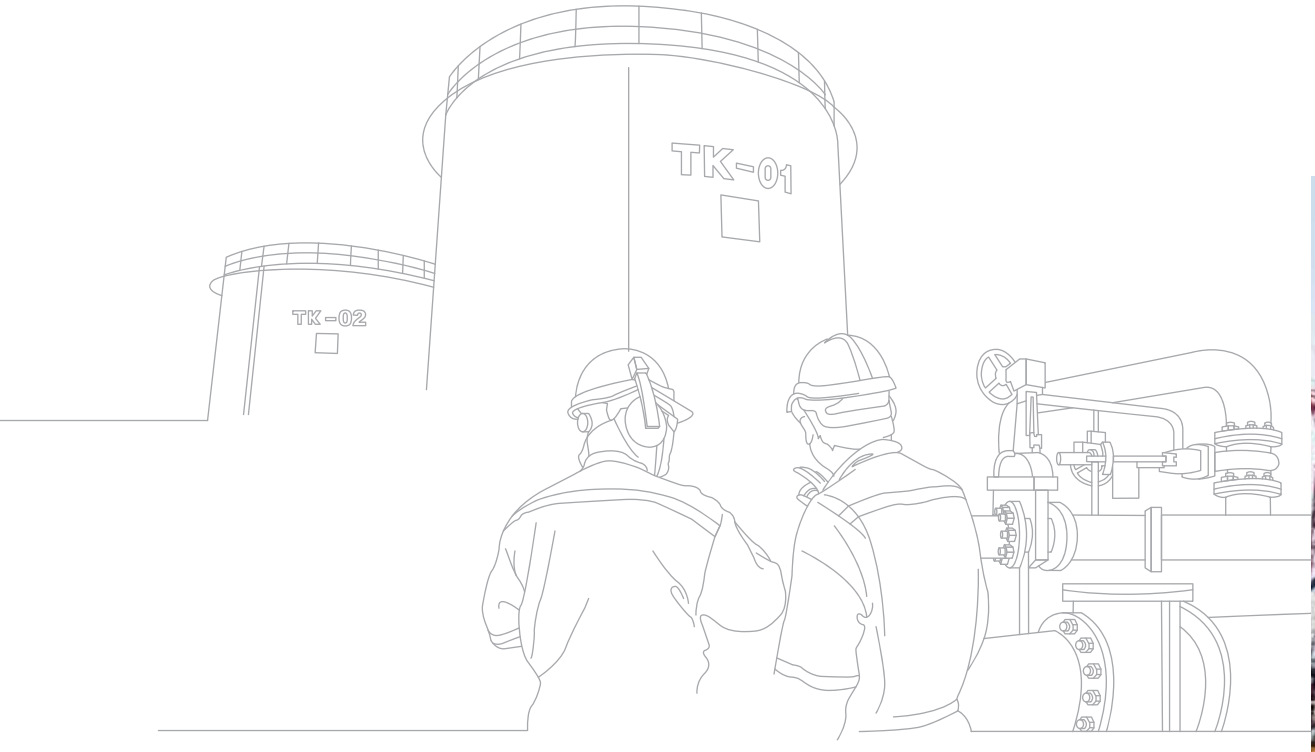
ANNUAL REPORT 2018

WZS

WZ SATU BERHAD

永成壹 سانتو







VISION

We aim to be outstanding in all our business activities as we grow to become a major corporate entity

MISSION

To continuously enforce strict requirements of producing quality products and services

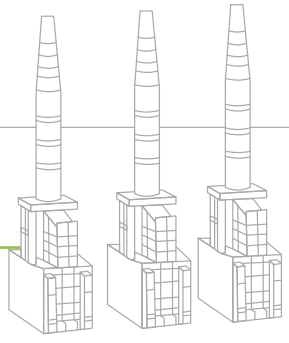
To create and enhance shareholders value, whilst maintaining harmony with society to enhance our sustainability

To instil superior and positive cognitions through overall excellence and dedication amongst the employees

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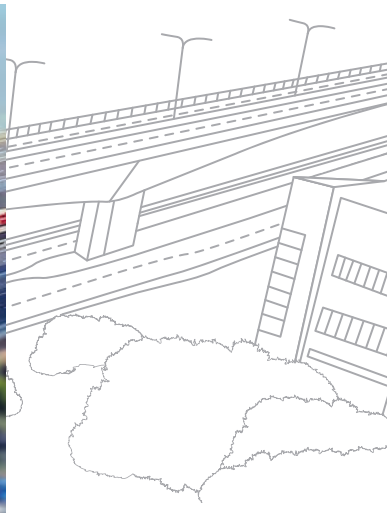


CORPORATE STRUCTURE



* Increased from 20% to 30% with effect from 10 October 2018







SOLID FOUNDATION

Our track record is proof of our ability to handle major infrastructural and architectural projects. Our expertise and extensive experience enable us to turn every project into an achievement.

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah
Executive Chairman

YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah
Managing Director/Group Chief Executive Officer
(Appointed on 25 September 2018)

INDEPENDENT NON-EXECUTIVE DIRECTORS

YAM Tengku Puteri Seri Kemala Pahang Tengku Hajjah Dato' Aishah Binti Sultan Haji Ahmad Shah, DK(II), SIMP
Independent Non-Executive Director
(Appointed on 30 January 2018)

YBhg Datuk Idris Bin Haji Hashim J.P.
Independent Non-Executive Director

YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin
Independent Non-Executive Director

Rosli Bin Shafiei
Independent Non-Executive Director

GROUP KEY SENIOR MANAGEMENT

YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah
Executive Chairman

YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah
Managing Director/Group Chief Executive Officer

Chan Fook Kwong
Chief Financial Officer
(Appointed on 7 November 2018)

AUDIT COMMITTEE

Rosli Bin Shafiei
(Chairman)

YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin

YBhg Datuk Idris Bin Haji Hashim J. P.
(Appointed on 11 October 2018)

REMUNERATION COMMITTEE

YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin
(Chairman)
(Appointed on 11 October 2018)

YBhg Datuk Idris Bin Haji Hashim J. P.
(Appointed on 30 January 2018)

Rosli Bin Shafiei

NOMINATION COMMITTEE

YBhg Datuk Idris Bin Haji Hashim J.P.
(Chairman)

YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin
(Appointed on 30 January 2018)

YAM Tengku Puteri Seri Kemala Pahang Tengku Hajjah Dato' Aishah Binti Sultan Haji Ahmad Shah, DK(II), SIMP
(Appointed on 11 October 2018)

LONG TERM INCENTIVE PLAN COMMITTEE

YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah
(Chairman)
Rosli Bin Shafiei

CORPORATE INFORMATION

(Continued)

COMPANY SECRETARIES

Chua Siew Chuan
(MAICSA 0777689)
Yau Jye Yee
(MAICSA 7059233)

AUDITORS

Baker Tilly Monteiro Heng (AF 0117)
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 03-2297 1000
Fax : 03-2282 9980

REGISTERED OFFICE

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 03-2084 9000
Fax : 03-2094 9940

INVESTMENT COMMITTEE

YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah
(Chairman)
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah
(Appointed on 11 October 2018)

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad (271809-K)
OCBC Al-Amin Bank Berhad (818444-T)
AmBank Islamic Berhad (295576-U)

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad
Stock Name : WZSATU
Stock Code : 7245
Warrant Name : WZSATU-WA
Warrant Code : 7245WA

SHARIAH ADVISORY COMMITTEE

YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin
(Chairman)
YBhg Dato' Ir. Mohd Ghazali Bin Kamaruzaman
(Appointed on 26 April 2018)
Tuan Haji Sabar @ Sabal Bin Haji Abdul Rahaman (Advisor)
Mahamahpoyi Hj Walah (Advisor)

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd (36869-T)
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 03-2084 9000
Fax : 03-2094 9940

PRINCIPAL PLACE OF BUSINESS

Lot 1890, Jalan KPB 9
Kawasan Perindustrian Balakong
43300 Seri Kembangan
Selangor Darul Ehsan
Tel : 03-8962 2228
Fax : 03-8962 2226

CORPORATE WEBSITE

www.wzs.my

DIRECTORS' PROFILE

YM TENGKU DATO' SRI UZIR BIN TENGKU DATO' UBAIDILLAH

Executive Chairman
Aged 59, Male, Malaysian

Date of Appointment: 24 October 2013

Board Committees membership(s):
- Long Term Incentive Plan Committee (Chairman)
- Investment Committee (Chairman)

YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah, graduated from City University, United Kingdom, with a Bachelor of Science (Honours) Degree in Civil Engineering in 1983.

He was appointed as the Executive Chairman cum Chief Executive Officer of the Company on 24 October 2013 and was subsequently re-designated as the Executive Chairman of the Company on 1 November 2017.

He started his career with Jabatan Kerja Raya as an engineer before joining the private sector. He was the Managing Director cum Chief Executive Officer of Malaysian General Investment Corporation Berhad (now known as Sumatec Resources Berhad) from years 1990 to 1993. He has also served on the Board of Road Builder (M) Holdings Berhad, Kurnia Setia Berhad and Project Penyelenggaran Lebuhraya Berhad, all of which were public listed companies. He was appointed as an Executive Director of Tanah Makmur Berhad in 2011 until he was re-designated as the Alternate Director in 2013 pursuant to his appointment as Executive Chairman and Chief Executive Officer of WZ Satu Berhad Group ("**WZS Group**") on 24 October 2013.

He has vast business experience in various industries, especially in civil engineering, construction, plantation and property development.

He is the brother of YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah, the Managing Director/Group Chief Executive Officer of the Company.

YM TENGKU DATO' INDERA ZUBIR BIN TENGKU DATO' UBAIDILLAH

Managing Director/Group Chief Executive Officer
Aged 56, Male, Malaysian

Date of Appointment: 25 September 2018

Board Committees membership(s):
- Investment Committee (Member)
  (Appointed on 11 October 2018)

YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah, graduated with a Bachelor of Science (Computer Science) from California State University, Chico, United States of America in 1986.

He was appointed as the Chief Executive Officer of WZS Group on 1 November 2017 and was subsequently appointed to the Board as the Managing Director/Group Chief Executive Officer on 25 September 2018.

He started his career in year 1986 with Petroliam Nasional Berhad as an Information System Executive and subsequently promoted to the position of Head of Computer Operation. In year 1988, he joined the Road Builder (M) Holdings Berhad's ("**Road Builder**") group of companies as the Corporate Affairs Manager and was promoted to Group General Manager in year 1994. He left Road Builder in year 1998 to start his own private businesses in construction and trading activities until year 2004. He joined Kurnia Setia Berhad on 1 July 2005 as the General Manager of Corporate Development and subsequently promoted to the position of Chief Operating Officer. On 8 November 2008, he assumed the position of Managing Director of Kurnia Setia Berhad. Subsequent to the privatisation of Kurnia Setia Berhad in year 2010, he was transferred to Tanah Makmur Berhad as the Managing Director until his resignation in year 2017. He is currently a Director in Tanah Makmur Berhad and holds directorship in several private limited companies.

He is the brother of YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah, the Executive Chairman and a major shareholder of the Company.

DIRECTORS' PROFILE

(Continued)

YAM TENGKU PUTERI SERI KEMALA PAHANG TENGKU HAJJAH DATO' AISHAH BINTI SULTAN HAJI AHMAD SHAH DK(II) SIMP

Independent Non-Executive Director
Aged 61, Female, Malaysian

Date of Appointment: 30 January 2018

Board Committees membership(s):
- Nomination Committee (Member)
  (Appointed on 11 October 2018)

YAM Tengku Puteri Seri Kemala Pahang Tengku Hajjah Dato Aishah Binti Sultan Haji Ahmad Shah, DK(II), SIMP ("**YAM Tengku Aishah**"), was appointed as an Independent Non-Executive Director on 30 January 2018.

She holds a Diploma in Business Administration from Dorset Institute, United Kingdom.

YAM Tengku Aishah has been a Director of TAS Industries Sdn Bhd since 15 August 1990. TAS Industries Sdn Bhd is an investment holding and property development company in Kuala Lumpur.

YAM Tengku Aishah is also the Independent Non-Executive Chairperson of Insas Berhad, Inari Amertron Berhad, Mieco Chipboard Berhad and Diversified Gateway Solutions Berhad.

YBHG DATUK IDRIS BIN HAJI HASHIM J. P.

Independent Non-Executive Director
Aged 66, Male, Malaysian

Date of Appointment: 20 November 2014

Board Committees membership(s):
- Nomination Committee (Chairman)
- Remuneration Committee (Member)
  (Appointed on 30 January 2018)
- Audit Committee (Member)
  (Appointed on 11 October 2018)

YBhg Datuk Idris Bin Haji Hashim J.P., was appointed as an Independent Non-Executive Director on 20 November 2014.

He graduated from Universiti Teknologi Mara (UiTM) with a Diploma in Town and Regional Planning in 1975. Later, he furthered his studies in United States of America and graduated with a postgraduate degree of Master of Science, City and Regional Planning from Illinois Institute of Technology, Chicago in 1978.

He started his career as an assistant town planner with Arkitek Bersekutu Malaysia in 1975, where he participated in projects such as Pusat Bandar Bukit Raden, Kompleks Perdagangan Kuantan in Pahang and Bangunan Sri Mara in Kuala Lumpur. Upon completing his postgraduate studies, he was attached to North-Eastern Illinois Planning Commission, Chicago as a Planner where he was involved in various large projects in the State of Illinois as well as the New Jeddah International Airport, King Abdul Aziz University and Automotive Centre for Sears Roebuck & Co. He was appointed as a lecturer in the School of Architecture, Planning and Surveying of UiTM in year 1980.

DIRECTORS' PROFILE

(Continued)

YBHG DATO' SYED KAMARULZAMAN BIN DATO' SYED ZAINOL KHODKI SHAHABUDIN

Independent Non-Executive Director
Aged 53, Male, Malaysian

Date of Appointment: 23 April 2015

Board Committees membership(s):
- Remuneration Committee (Chairman) *(Appointed on 11 October 2018)*
- Shariah Advisory Committee (Chairman)
- Nomination Committee (Member) *(Appointed on 30 January 2018)*
- Audit Committee (Member)

YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin, was appointed as an Independent Non-Executive Director on 23 April 2015.

He was appointed as the Managing Director of Perbadanan Nasional Berhad ("**PNS**") since 1 December 2007 and is a member of PNS's Directors Investment Committee. He is also a Non-Independent Non-Executive Director of Focus Point Holdings Berhad.

He is a holder of Master in Science and Corporate Communication from School of Modern Languages & Communication, Universiti Putra Malaysia (UPM), Bachelor in Business Administration from School of Business, Royal Melbourne Institute of Technology (RMIT) and Diploma in Business Studies from Mara Institute of Technology.

He was previously the Managing Director of Yayasan Tekun Nasional and prior to that, he had accumulated over 21 years of experience in banking operations, corporate management, property and information technology with his last attachment at Bank Muamalat Malaysia Berhad as a Branch Manager. He had also served as a lecturer at Universiti Tenaga Nasional (UNITEN).

He is also the Vice Chairman of Association of Development Finance Institution of Malaysia (ADFIM) and the Vice President of Oxford Business Alumni KL Chapter.

ROSLI BIN SHAFIEI

Independent Non-Executive Director
Aged 66, Male, Malaysian

Date of Appointment: 28 October 2014

Board Committees membership(s):
- Audit Committee (Chairman)
- Remuneration Committee (Member)
- Long Term Incentive Plan Committee (Member)

Encik Rosli Bin Shafiei, was appointed as an Independent Non-Executive Director on 28 October 2014.

He holds an Advanced Diploma in Accountancy from Universiti Teknologi Mara and is a member of the Malaysian Institute of Accountants.

He has extensive experience in finance, insurance and banking, infrastructure and building construction, offshore construction, installation and oil and gas related services industries having held senior positions in private and public listed companies.

Following the acquisition by UEM Group, he was appointed as the Chief Operating Officer/Director of PATI Sdn Bhd, responsible for the operations of the group which was primarily involved in construction, quarrying and supplying construction materials. Subsequently in year 2003, upon completion of acquisition of Intria Berhad and restructuring of the UEM Group, he assumed the position of Chief Financial Officer for UEM Builders Berhad. He left UEM Builders Berhad upon attaining the mandatory retirement age in 2007.

Thereafter, he was also appointed as Chief Financial Officer for Willis (Malaysia) Sdn Bhd, a registered insurance brokers and consultants from January 2011 to February 2013.

GROUP KEY SENIOR MANAGEMENT

YM TENGKU DATO' SRI UZIR BIN TENGKU DATO' UBAIDILLAH

Executive Chairman
Aged 59, Male, Malaysian

He was appointed as the Executive Chairman cum Chief Executive Officer of WZS Group on 24 October 2013 and was subsequently re-designated as Executive Chairman on 1 November 2017.

He is the brother of YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah, the Managing Director/Group Chief Executive Officer of the Company.

His profile is listed in the Profile of Directors set out in this Annual Report.

YM TENGKU DATO' INDERA ZUBIR BIN TENGKU DATO' UBAIDILLAH

Managing Director/Group Chief Executive Officer
Aged 56, Male, Malaysian

He was appointed as the Chief Executive Officer of WZS Group on 1 November 2017 and was subsequently appointed to the Board as the Managing Director/Group Chief Executive Officer on 25 September 2018.

He is the brother of YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah, the Executive Chairman and a major shareholder of the Company.

His profile is listed in the Profile of Directors set out in this Annual Report.

CHAN FOOK KWONG

Chief Financial Officer
Aged 50, Male, Malaysian

He was appointed as the Chief Financial Officer of WZS Group on 7 November 2018.

He has over 20 years of experience in accounting and reporting, financial management, treasury management, corporate finance and tax planning.

Prior to joining WZ Satu Berhad, he was the Chief Financial Officer for a Malaysian company listed on the Main Board of Singapore Exchange and subsequently the Chief Financial Officer for Eversendai Corporation Berhad, a Malaysian Structural Steel turnkey and power plant contractor undertaking many highly complex projects in the Asian and Middle Eastern regions. He joined Eversendai in September 2008 and spent 3 years working in its operations in Sharjah, UAE before returning to assist in the IPO exercise of Eversendai in 2011. He served as Head of Corporate Finance prior to his appointment as the Chief Financial Officer of Eversendai in August 2015.

Save as disclosed above, none of the Directors and members of WZS Group Key Senior Management has:-

1. any other directorships in public companies and listed issuers;
2. any family relationship with any Directors and/or major shareholders of the Company;
3. any conflict of interest with the Company; and
4. any conviction for offences within the past 5 years other than traffic offences, if any; and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

WZ SATU BERHAD IS PRINCIPALLY INVOLVED IN CIVIL ENGINEERING AND CONSTRUCTION, OIL AND GAS, MINING AND MANUFACTURING

Civil engineering and construction segment is principally engaged in securing and carrying out infrastructure construction contracts. Oil and gas segment is principally engaged in onshore oil and gas downstream activities. Manufacturing segment is principally engaged in manufacturing of cold drawn bright steel products. Mining segment is principally engaged in bauxite mining operations through mining associate companies of the Group.

FINANCIAL REVIEW

The Group registered a revenue of RM512.6 million and loss before tax of RM89.2 million in financial year ("FY") 2018 compared to revenue of RM560.4 million and profit before tax of RM32.7 million in FY 2017.

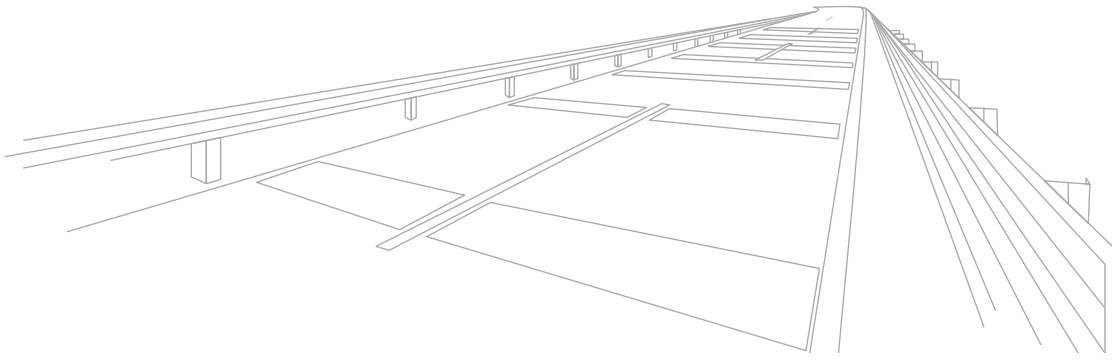
The decrease in revenue was mainly due to the weak result in the oil and gas segment. The loss was mainly due to weak performances in the oil and gas, civil engineering and construction and mining segments which registered loss before tax of RM41.1million, RM22.3 million and RM15.9 million, respectively. The manufacturing segment registered a stable profit before tax of RM5.9 million.

Due to the weak results in the oil and gas and civil engineering and construction segments, the Group had impaired goodwill amounted to RM25.1 million. This was offset by recognition of profit guarantees from the vendors of WZS Misi Setia Sdn Bhd amounted to RM12.0 million, given by the vendors when WZ Satu Berhad acquired the company. Due to the ongoing bauxite mining moratorium and export ban, the Group also had a one-off impairment of mining assets amounted to RM11.2 million.

Prudence was the call of the day with substantial provisions for cost overruns and impairments of mining assets.

This could very well result in significant write-backs if the issues revolving around variation orders and bauxite mining activities are resolved.

The financial results are further analysed under the section on "Review of Operating Activities and Risks" below.



MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)



REVIEW OF OPERATING ACTIVITIES AND RISKS

CIVIL ENGINEERING AND CONSTRUCTION ("CEC")

Review

CEC segment revenue marginally increased by 0.1% to RM281.0 million. However, this segment registered a loss before tax of RM22.3 million. The weak result was mainly due to project execution risks that resulted in cost overruns, especially at Section 9, West Coast Expressway project.

MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)



Challenges

The outlook for this segment greatly depends on the growth of the construction sector of the Malaysian economy.

Given the challenging environment, the Management will continue to be vigilant and selective in prospecting for new contract specifications whilst under the management of our professional team of engineers.

The Management is continuously mitigating the above risks by monitoring the sourcing, purchase and inventory levels of critical raw materials; assessing the performance of contractors to ensure they meet all contract specifications.

Prospect

The various projects that the Group had been in the forefront were cancelled by the Government. Hence, the immediate visibility was affected. Nevertheless, the Group is actively pursuing various opportunities to improve the segment's contribution in the coming financial year.

This segment has accumulated an order book of RM789 million to last for next two to three years. However, the uncertainty of commencement date of a project may affect the results of this segment.

MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)



OIL AND GAS ("OG")

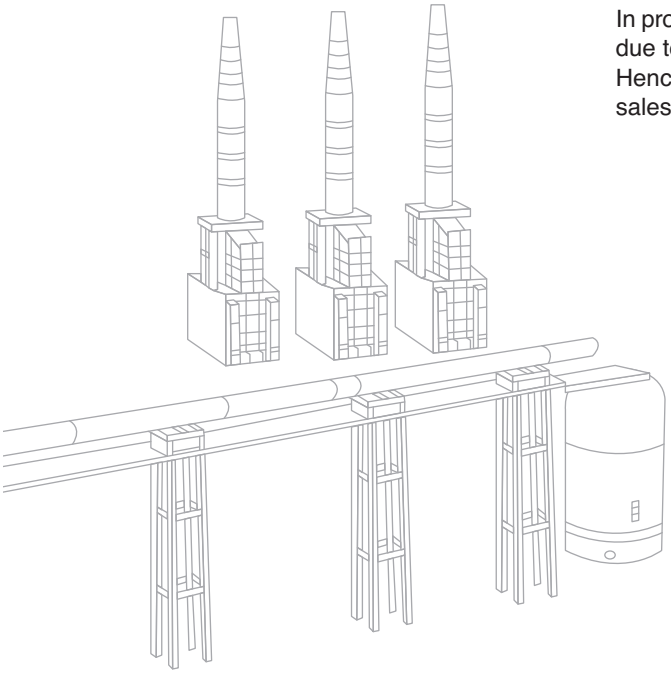
Review

OG segment revenue decreased by 19% to RM145.0 million. This segment registered a loss before tax of RM41.1million. The weak result was mainly due to a project dispute in the Refinery and Petrochemical Integrated Development project in Pengerang, Johor. This resulted in variation orders ("VOs") pending approval from client even though costs have been incurred. The Management is mitigating this risk by continuously engaging with the client and project owner, Petronas, in negotiations to reach a common platform for amicable settlement. Any subsequent resolutions of these pending VOs in the coming financial year will have a significant positive impact on Group results.

Challenges

Despite the oil price recovery, the current state of the oil and gas sector remains challenging and competitive. The Group anticipates tough competition as a service provider for the oil and gas industry. The Management will continue to improve its operational efficiency to maintain competitiveness; at the same time, be vigilant and selective in prospecting new projects to sustain and increase our order book at a competitive margin.

In products division, the Group experienced a drop in sales in most product categories due to the state of the oil and gas industry and the loss of product distribution rights. Hence, actions are directed by the Management to enhance focus into aftermarket sales and services and increase product portfolios.



MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

Prospect

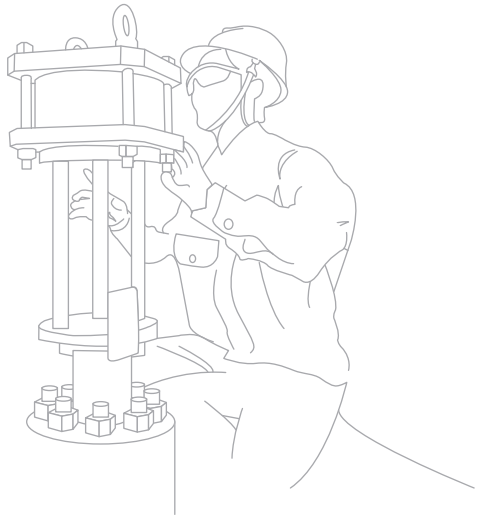
The operations of the Automatic Pipe Spooling fabrication plant in Kuantan has improved and continued to produce commendable results in securing more projects and is expected to do well in terms of capacity utilisation.

The Management is looking into possible ventures on onshore and downstream long term contract services; such as maintenance, plant turnaround and plant/facility improvement programs to generate sustainable jobs by maximising available facilities and resources.

MANUFACTURING

Review

Manufacturing segment revenue increased by 12.1% to RM64.2 million. However, profit before tax reduced from RM6.7 million to RM5.9 million due to absence of one-off benefit of steel price surge in the previous year.



Challenges

This segment has to navigate through cycles of high and low steel prices which is a common challenge in this industry. In addition, the Management has to ensure cost efficiency so that profits are not eroded by higher operating costs.

Prospect

Steel manufacturing segment performance are affected by steel price fluctuations. The Management has been maintaining cost discipline and efficiency combined with lean management to ensure stable yearly profits. This will translate into higher earnings during periods of high steel price to ride out the impact during periods of low steel price and the Group is confident of stable contribution from this segment in the coming financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

MINING

Review

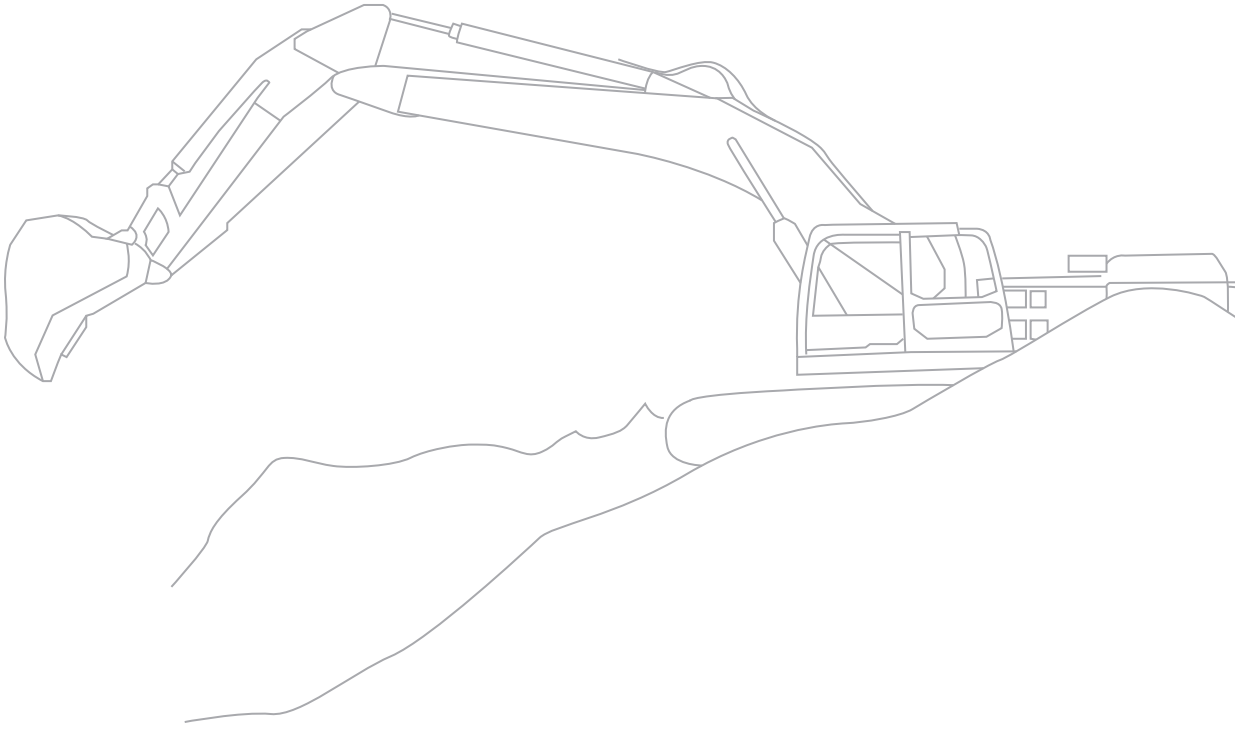
The share of loss in mining segment in this financial year was RM15.9 million compared to a share of profits of RM5.7 million in the preceding financial year. This is due to the extended bauxite mining moratorium and export ban. As a result, the Group provided a one-off impairment of RM11.2 million. However, once the mining moratorium and export ban are lifted, the Group expects significant write-back of the above impairment.

Challenges

The Government has imposed a moratorium on bauxite mining since January 2016 arising from negative environmental impact of illegal mining activities. Further, the Federal Government introduced a complete ban on bauxite exports in year 2017. Until the moratorium and ban are lifted, the mining segment's result would continue to impact Group's result.

Prospect

The outlook for this segment principally depends on the Government's decision on moratorium on bauxite mining and export ban. With the recent pronouncements by the Government, the Group remains cautiously optimistic on its prospects for the coming year.



MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

STRATEGIES

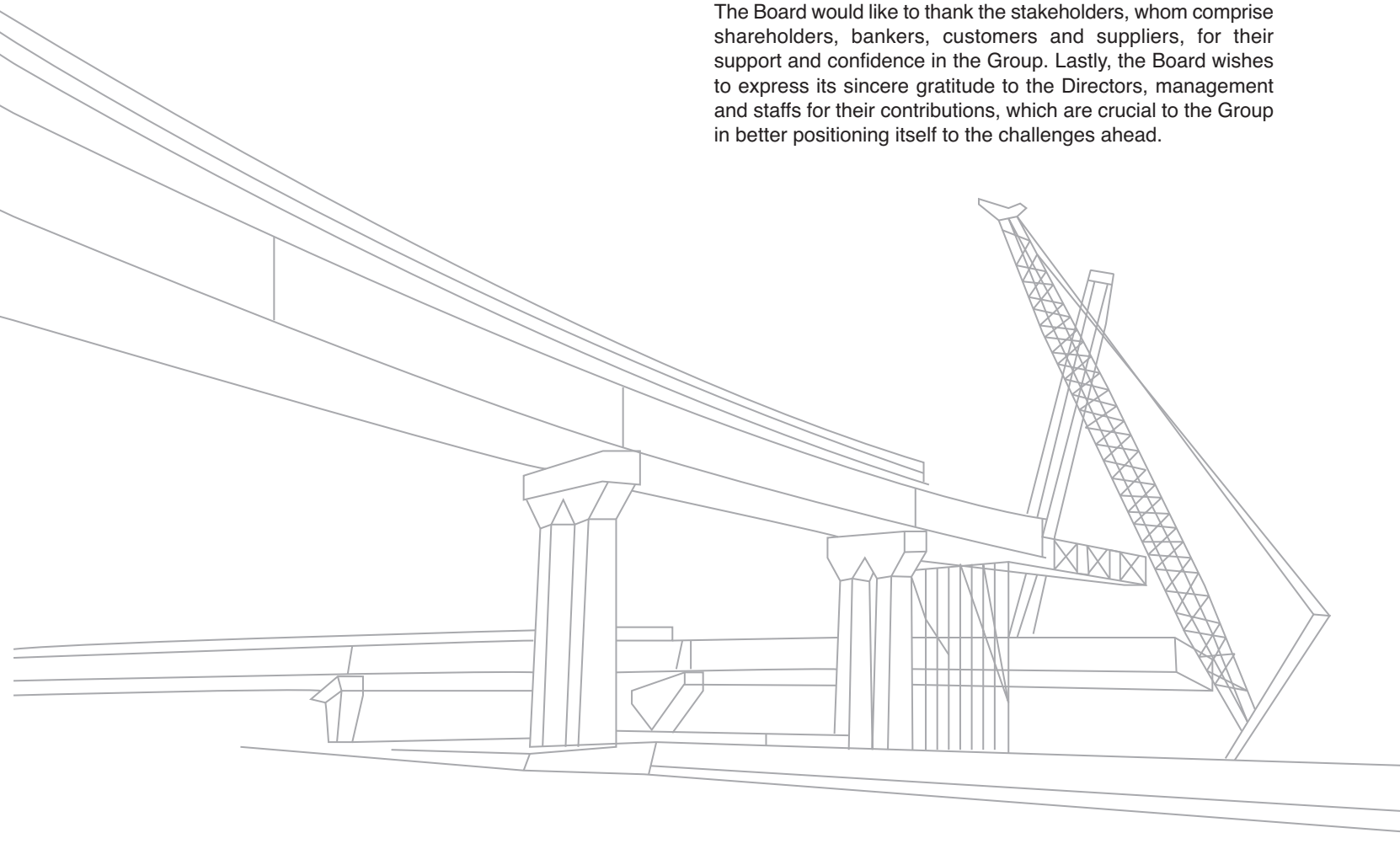
In view of the challenging times, the Group has started with a cost reduction exercise that enhances operational efficiency. This will be followed by right-sizing of the workforce and rationalisation of resources throughout the Group. These measures are expected to further reduce operating overheads meaningfully and better positioning the Group against tough operating conditions in the near future.

Moving forward, the Group is expected to stay its course and remain focus on the key areas of competency and ride out the tough operating environment.

Despite the setback and results of this financial year, the Group shareholders' funds of RM236.0 million should tide the Group over the tough weather.

ACKNOWLEDGEMENT

The Board would like to thank the stakeholders, whom comprise shareholders, bankers, customers and suppliers, for their support and confidence in the Group. Lastly, the Board wishes to express its sincere gratitude to the Directors, management and staffs for their contributions, which are crucial to the Group in better positioning itself to the challenges ahead.



SUSTAINABILITY STATEMENT

Introduction

Sustainability is becoming a key component for companies to promote value creation, and demand for increased transparency on listed companies' economic, environment and social ('EES') practices have been growing among investors. At WZ Satu Berhad Group ('the Group'), sustainability has always been a part of the Group culture as we strive to achieve continual financial performance and uninterrupted growth. Recognising the relevance of sustainability in our business values, our statement on sustainability aims to illustrate our strategic approach to address sustainability challenges in contributing towards the betterment of the business, environment and society.

We began our identification and information gathering phase on a general level, in the broad categories of economic, environmental and social factors to help us understand our position and to what extent efforts have been taken towards sustainability. We have also determined areas considered material to the Group in order to identify further potential initiatives towards addressing sustainability risks and implementing sustainability opportunities.

The annual report 2018 represents our first inclusion of the Sustainability Statement in accordance with the Bursa Malaysia Securities Berhad's Main Market Listing Requirements. It describes our performance on non-financial metrics for the period from 1 September 2017 to 31 August 2018 covering our initiatives on economic, environmental and social related sustainability matters.

GOVERNANCE FRAMEWORK

The Board acknowledges the importance for the Group to adopt and continuously practise good corporate governance throughout the Group operations to ensure accountability and transparency, as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and financial performance of the Group.

Our Group sustainability strategy is determined by our Board of Directors, whom provides oversight of our corporate sustainability policies and performance. Senior Management oversees the implementation of the organisation's sustainability approach and ensures that key targets are being met. The respective division management head are responsible for identifying, evaluating, monitoring and managing EES risks and opportunities directly.

SUSTAINABILITY STATEMENT

(Continued)

STAKEHOLDERS ENGAGEMENT

The Group recognises the importance of effective communication to ensure that our stakeholders understand our business, governance, financial performance and prospects. We define our stakeholders as those impacted by our activities and projects, who have direct and indirect involvement and whose interest may have positive or negative consequences due to our activities and projects.

Stakeholders	Forms of Engagement
Customers	• Meetings • Feedbacks • Marketing plans
Shareholders/Investors	• Annual General Meeting • Quarterly and statutory announcements to Bursa • Notices/Circulars • Company's website
Suppliers	• Meetings • Evaluations/Feedbacks
Employees	• Annual performance review • Training • Meeting/discussion
Regulatory and Statutory bodies	• Active engagement with respective regulating agencies and bodies • Inspection by local authority • Annual license renewal
Principal Partners	• Principal engagement • Quarterly progress discussion
Government Agencies	• Participating in programmes held by government agencies : - Department of Safety and Health; - Malaysian Society For Occupational Safety and Health; - National Blood Centre

Our website, which is regularly updated, is used to promote and facilitate communication with our stakeholders and to provide them with useful information about the Company and our subsidiaries. Moving forward, we will continue working to better understand the requirements and needs of our stakeholders and to address the challenges and opportunities identified through the feedback received.

SUSTAINABILITY STATEMENT

(Continued)

KEY SUSTAINABILITY MATTERS

The following is the Group's identified material sustainability matters. Through our materiality assessment, we have identified the key sustainability matters as outlined in the table below.

Pillar	Key Sustainability Matters
Economic	• Financial Performance • Anti-bribery and Anti-corruption • Customer Engagement
Environmental	• Environmental Compliance
Social	• Employment Diversity and Equal Opportunity • Occupational Health and Safety • Training and Education • Community Investment

ECONOMIC

The Group is principally involved in the business of civil engineering and construction, oil and gas, mining and manufacturing. Through the Group's strong order book, it has created employment opportunities for the Malaysian people. The Group aims to maintain a sustainable business to continue its contribution to Malaysia economic development. We endeavour to inculcate sustainability within our core operations, in pursuit of creating long-term value for our stakeholders.

Financial Performance

The financial performance and measures to ensure the economic sustainability of the Group are elaborated in the Management Discussion & Analysis section as set out in this Annual Report.

Anti-Bribery and Anti-Corruption

The Group is committed to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs.

WZ Satu Berhad enforces a "No Gift" policy through its Code of Conduct. Directors and employees are not permitted to solicit gifts or personal favours from contractors, sub-contractors, suppliers, consultants, bankers, dealers or customers or other parties having business dealings with the Company, whether actual or potential, regardless of value.

Our whistle-blowing policy is established with the aim of providing a structured mechanism for employees and other stakeholders to report any concerns on any suspected or wrongful activities or wrongdoings. These refer to any potential violations or concerns relating to any laws, rules, regulations, acts, ethics, integrity and business conduct, including any violation or concerns relating to malpractice, illegal, immoral, embezzlement and fraudulent activities, which will affect the business and image of the Group.

SUSTAINABILITY STATEMENT

(Continued)

Customers Engagement

Customer engagement is one of the key factors to grow, sustain our business and for us to remain competitive. We always relate quality with customer satisfaction and continuous improvements. Therefore, we emphasise on customer satisfaction and adherence to continuous improvements and quality standards all the time.

Our civil engineering and construction division has obtained its quality standard recognition, achieving its ISO 9001 certification since year 2012 and has upgraded its ISO quality management system certification to the latest edition of ISO 9001:2015 on 15 May 2018 emphasizing in customer satisfaction and continual improvement via the process approach and risk based thinking concepts. Customer feedback via customer satisfaction survey exercise serves as part of our commitment towards customer engagement. The certification above is a testament to our continuous improvement in sustainability efforts for quality management system as well as our assurance of conformity to customers and applicable statutory and regulatory requirements.

ENVIRONMENTAL

In the field of environmental stewardship, we continued to demonstrate our commitment to conservation through emphasis on managing our resources – reducing waste, practising energy efficiency and introducing initiatives to reduce emissions throughout our operations. Our top management also demonstrated their commitment through establishing a separate Environmental Policy, which stated our commitment to minimize the environmental impact of our activities, comply to all applicable laws and regulations and communicate our commitment to our stakeholders.

We are monitoring the environmental performance through the Guided Self-Regulation (GSR) introduced by the Department of Environment (DoE).

Environmental Compliance

Our civil engineering and construction division have been involved principally in Malaysia on various structural and civil engineering infrastructural projects.

This division is supported by a strong and highly experienced management team comprising people with a wealth of technical experience of handling major projects and possessing advanced machinery to enable it to undertake various complex projects. We are committed to contributing positively to the construction industry, always providing innovative solutions and construction services in a safe and responsible manner via our environmental policy commitment.

SUSTAINABILITY STATEMENT

(Continued)

SOCIAL

The Group's corporate social responsibility activities are continuously guided by its firm beliefs that it can contribute positively to our society as a caring and responsible corporate entity. A sustainable business is one that enriches its people and the communities which they operate in. We actively organise activities (such as badminton and futsal) to promote a healthy lifestyle for employees while we celebrate festivities and foster relationship amongst employees during our annual dinners and families' day events.

We reach out to society via our philanthropic and corporate social responsibility activities, aimed at the less fortunate where we can make a difference and our employees can participate to give back and enrich themselves in the process.

Employment Diversity and Equal Opportunity

Building and retaining talent are both critical in growing the Group as the continuous growth of the Group needs talented employees. Having a diverse workforce with equal opportunity regardless of age, race and gender is one of the ways to build and retain talent.

We value our employees as they are key to competitive success in the marketplace which is vital for business sustainability. As part of the Group hiring practise, we do not discriminate against any race, gender or minorities. Although we emphasise on equal employment opportunity, we also stress that candidates are only hired based on suitability and competency. The employees are also provided with adequate welfare benefits such as medical, hospitalisation and personal accident insurance coverage.

Occupational Safety and Health

We are aware that the nature of our business exposes our employees to occupational health and safety risk. Health and safety violations could result in fines or stop-work orders. We take pride in our achievement towards maintaining high standards on occupational health and safety measures to ensure compliance with statutory and regulatory requirements. The Group places importance on the health and safety of its employees and strives to maintain a work place that is safe and risk-free and are continuously working towards cultivating a strong health and safety culture in the workplace. Across our operations, we maintain a safe and healthy working environment by implementing key measures to prevent injuries, fatalities and occupational illness at project sites and workplace.

Our subsidiary, WZS Misi Setia is certified to ISO 9001:2015 (since 2003) and OHSAS 18001:2007 (since 2010) by an accredited certification body, AJA EQS Certification (M) Sdn Bhd. We have a formal process for risk management, which include identifying risk, assessing risk and controlling risk to ensure business sustainability. As of 28 Sep 2018, we have achieved 14,889,160 manhours worked without LTI since 2006. Our aspiration is always for zero incidents, and it is sustained by our safety excellence culture. In 2018, we have achieved our target and there are no reported fatalities in our workplace. The Group aims to continue to achieve its target in the forthcoming year.

SUSTAINABILITY STATEMENT

(Continued)

Target	Performance in 2018
Life Loss: Zero	Zero Fatality

Our oil and gas division has obtained multiple awards in safety aspects since 2008. In 2018, the awards and recognition achieved are:

Description of Award	Awarded by
Safety Heroes - 2018	Shell Trading & Supply Operations
HSE Excellence Award: The Best Contractor For Month of April 2018	Petronas RAPID
Safe Delivery of the SMDS Product Pipelines Project Clocking 730,000 Manhours in April-2018	SMDS
Awarded Gold Class 2 for Kuantan Yard	MSOSH
4 star rating for visionary leadership, efficient management and technical capabilities, compliance to best practices, innovative, very good integrated ICT system and project management, able to export services to international market	CIDB

SUSTAINABILITY STATEMENT

(Continued)

In 2017 and 2018, our civil engineering and construction division has successfully achieved two five (5) star score in Safety and Health Assessment System in Construction (SHASSIC), awarded by CIDB Malaysia for two involved highway projects as follow:

Description of Award	Description of Project
Year 2017 - Score Five (5) Stars in SHASSIC, awarded by Construction Industry Development Board (CIDB) Malaysia	Privatisation of Lebuhraya Pesisiran Pantai Barat (WCE) (Taiping To Banting) – Construction and Completion of Civil Works for Section 9, Kampung Lekir Interchange to Changkat Chermin Interchange
Year 2018 - Score Five (5) Stars in SHASSIC, awarded by Construction Industry Development Board (CIDB) Malaysia	Privatisation of Lebuhraya Pesisiran Pantai Barat (WCE) (Taiping To Banting) – Construction and Completion of Civil Works for Section 10, Changkat Chermin Interchange to Beruas Interchange

Training and Education

We believe in training and development of our employees, who are undoubtedly our most valued assets. We invest in our employees, so that they could grow professionally and achieve their full potential. It is imperative that our employees keep abreast of the latest developments in their respective professional fields.

The Group offers a development platform to allow staff to grow both professionally and personally. To equip new hires with relevant skills and knowledge, the Group offers training programme for new employees. Continuous training are also provided to existing employees of the Group. Employees are assigned, on an ongoing basis when needed, to attend job related workshops, training sessions and seminars. Trainings may be in the form of internal, external and on-the-job training.

Community Investment

We engage with local communities through education, project liaison and support them through charitable work, sponsorship and other support initiatives. Our efforts in undertaking Corporate Social Responsibility ('CSR') are part of our commitment and mission in managing our business responsibility towards ensuring all the stakeholders have benefited in one way or another.

We continue to play our part as a responsible corporate citizen and discharging our social responsibilities through active participation in CSR programs. The Group offers internship programmes by providing positions to interns for them to complete their tertiary educations.

Moving Forward

We recognise that more can be done in sustainability efforts in creating positive impact on economic, environmental and social aspect. The Group shall continually seek for new opportunities to realise our sustainability commitment and roadmap.











GIVE BLOOD, SAVE LIVES.

A blood donation drive was held at our Balakong office on 7th September 2018 to provide blood to the National Blood Centre of Malaysia. It was part of our Corporate Social Responsibility Programme (CSR) and 44 pints of blood were donated during the half-day event.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of WZ Satu Berhad ("**the Board**") acknowledges the importance of the principles and recommendations as set out in the Malaysian Code on Corporate Governance ("**MCCG**"). The Board is fully committed in maintaining high standards of corporate governance practices throughout the Group to protect and enhance long-term shareholders' value and all stakeholders' interests.

With the publication of MCCG in April 2017, the Board is pleased to present the following Corporate Governance Overview Statement ("**CG Statement**") that describe the extent of how the Group has applied and complied the three (3) principles which are set out in the MCCG throughout the financial year under review:-

(a) Principle A: Board leadership and effectiveness;
(b) Principle B: Effective audit and risk management; and
(c) Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

This CG Statement is prepared in compliance with the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and to provide an overview of the extent of compliance with the three (3) Principles as set out in the MCCG. This CG Statement should also be read together with the Corporate Governance Report 2018 of the Company which is available on the Company's corporate website at www.wzs.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

It is the overall governance responsibilities of the Board to lead and control the Group. Amongst others, these responsibilities include charting the strategic direction of the Group and supervising its affairs to ensure its success; implementation of suitable and effective system of internal control and risk management; and ensuring compliance with the relevant laws, regulations, guidelines and directives.

The Board has established clear functions reserved for its members and those delegated to the Management. This allocation of responsibilities reflects the dynamic nature of the relationship necessary for the Group to adapt to changing circumstances.

Key matters such as approval of interim and annual financial results, acquisitions and disposals, investments, as well as material agreements are reserved for the Board, while a capable and experienced Key Senior Management is put in charge to oversee the day-to-day operations of the Group.

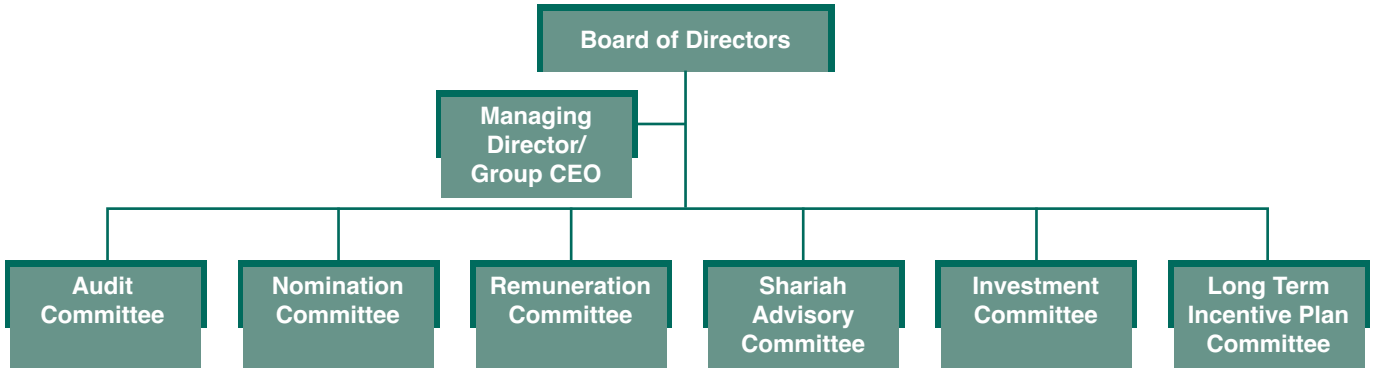
In line with the practice of good corporate governance, the Board has established and implemented various processes to assist members of the Board in the discharge of their roles and responsibilities. The Board's roles and responsibilities include the following:-

(a) reviewing and adopting strategic plans for the Group that enhances long term value;
(b) overseeing the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;
(c) reviewing principal risks and ensuring the implementation of appropriate systems of internal control to manage risks and adoption of relevant mitigation measures;
(d) reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
(e) reviewing and approving succession planning, including appointing, training, compensating and where appropriate replacing key principal officers; and
(f) developing and implementing investor's relations programme and shareholder's communication policy for the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

To ensure effectiveness in discharging its responsibilities, the Board has established a governance model whereby specific powers of the Board are delegated to the relevant Board Committees and the Managing Director/Group Chief Executive Officer ("CEO") of the Company as below:-



The Executive Chairman and Managing Director/Group CEO

The roles of the Executive Chairman of the Board and the Managing Director/Group CEO of the Company are exercised by separate individuals and each has a clear accepted division of responsibilities to ensure that there is a balance of power and authority to promote accountability.

The Executive Chairman and the Managing Director/Group CEO are collectively responsible for the leadership of the Group and for promoting the highest standards of integrity and probity, there is a clear and effective division of accountability and responsibility between the Executive Chairman and the Managing Director/Group CEO and each plays a distinctive role but complementing each other to ensure that there is a balance of power and authority and no individual has unfettered powers of decision and control.

YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah is the Executive Chairman of the Company and YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah is the Managing Director/Group CEO of the Company.

The Executive Chairman is responsible for ensuring Board effectiveness and conduct, leading the Board in the oversight of management. The Executive Chairman also oversees the controls of the business through compliance and audit and the direction of the Group business. Whilst the Managing Director/Group CEO of the Company has overall responsibilities over the Company's operating units, organisational effectiveness and implementation of Board policies and decisions on a day-to-day basis.

Qualified and Competent Company Secretary

The Board is supported by experienced and competent Company Secretaries in discharging its duties and responsibilities. The Board receives regular advices, updates and notices from the Company Secretaries to ensure compliance with applicable laws, regulations and corporate governance matters. The Company Secretaries attend and ensure that all Board and Board Committee meetings are properly convened and all deliberations and decisions are properly minuted and kept. They are also responsible in ensuring that Board's policies and procedures are followed, and the applicable statutory and regulatory requirements are observed.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

Access to Information and Advice

The Board members, in order to enable them to discharge their duties effectively, has full and unrestricted access to the Management and Company Secretaries for all information pertaining to the businesses and corporate affairs of the Group. If need arises, the Board may also seek appropriate external independent professional advice at the Group's expense.

Prior to Board or Board Committee meetings, the agenda, minutes of previous meeting and board papers are circulated to the Directors prior to the meeting to allow sufficient time to ensure that they receive the necessary information in advance so that they can review, consider and deliberate on the matters, and where necessary, obtain further information to facilitate informed decision making.

Board Charter

The Company has adopted a Board Charter which clearly defines the respective roles, responsibilities and authorities of the board of directors (both individually and collectively) and Management in setting the direction, the management and the control of the Company as well as matters reserved for the Board.

On 17 December 2018, the Board has reviewed and approved the revised Board Charter to be in line with the practices in the MCCG.

Code of Ethics and Conduct

The Company established appropriate standards of business conduct and ethical behaviour to govern the exercise of the Directors' duties and responsibilities as Directors of the Company in order to uphold good corporate integrity.

The Code of Ethics and Conduct sets out the general principles and standards of business conduct and ethical behaviour for the Directors and employees of the Group in the performance and exercise of their responsibilities or when representing the Group and includes the expectation of professionalism and trustworthiness from the Directors and employees of the Group.

Whistle-Blowing Policy and Procedures

The Whistle-Blowing Policy and Procedures provides an avenue for any Director, officer, employee and members of the public to report instances of unethical, unlawful or undesirable conduct on a confidential basis without fear of intimidation or reprisal. Nothing in this policy shall interfere with other established operational policies and processes. All disclosures pursuant to this policy are to be made to the Chairman of the Audit Committee. The Board shall be apprised of disclosure matters which are serious in nature or of grave repercussions.

Confidential reports can be channelled online via this email address: whistle@wzs.my.

Sustainability Policy

The Board has formalised the Group's strategies on promoting sustainability. The Board and the Management are committed to continually improving the integration of sustainability into working environment and business processes, together with the accountability and transparency in the sustainability performance.

In order to operate with sustainability, the key impact areas are to ensure operations and services are safe for the employees, customers and that environmental quality considerations are incorporated into the Group's daily business activities which are undertaken and accountable by every employee; create an inspiring workplace that helps to build a diverse work force which contributes to highest potential and commits to a harassment free working environment, whereby every employee is treated fairly and with respect; and to adhere to the requirements of all laws and regulatory requirements, standards and best practices to which the Group subscribes and establish and adopt high ethical values and ensure these practices are upheld across the business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

The Diversity Policy, revised Board Charter, Code of Ethics and Conduct, Whistle-Blowing Policy and Procedures and Sustainability Policy are published on the Company's corporate website at www.wzs.my.

Board Composition

The Board has six (6) members comprising two (2) Executive Directors and four (4) Independent Non-Executive Directors as at the date of this Annual Report. The Board composition is in compliance with Paragraph 15.02 of the MMLR of Bursa Securities which states that at least 2 directors or 1/3 of the board of directors, whichever is higher, are independent directors and the recommendation of MCCG to have at least half of the board comprises independent directors.

The Board Members have diverse backgrounds and experience in various fields. Collectively, these Board members bring their strength to bear on issues of oversight, strategy, performance, control, resource allocation and integrity. The Board is also well balanced as both the major and minority shareholders are also represented.

Despite the Chairman being an Executive Director, the Board takes comfort in the presence of majority Independent Non-Executive Directors with distinguished records and credentials to ensure that there are independent views and judgements. The Independent Non-Executive Directors vocalise their concerns whenever necessary to ensure proper checks and balances are in place in Board decisions and implementation of policies.

The profiles of the members of the Board, are set out in the Directors' Profile section of this Annual Report.

Tenure of Independent Directors

The Board has not developed a policy which limits the tenure of its Independent Directors to nine (9) years. However, the Board is mindful that the tenure of an independent director should not exceed a cumulative term limit of nine (9) years and upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director pursuant to the MCCG. Otherwise, the Board will justify and seek shareholders' approval at the Annual General Meeting ("**AGM**") in the event the Board retains such Director as an Independent Director. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board will seek annual shareholders' approval through a two-tier voting process.

Based on the assessment carried out during the financial year, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company.

None of the Independent Directors has served more than nine (9) years on the Board as at the date of this CG Statement.

Board Diversity

The Board recognises that board diversity is an essential element contributing to the sustainable development of the Group and does not discriminate on the basis of ethnicity, age, gender, nationality, political affiliation, religious affiliation, marital status, education background or physical ability. There is no specific target in the composition in terms of gender, age or ethnic of its Board members or members of Senior Management.

The Board acknowledges the recommendation of the MCCG on gender diversity but believes that the overriding factors in selection of a Director must be based on skill, experience, competency and wealth of knowledge, while taking into consideration diversity of the Board. The Group had established a Diversity Policy to formalise its diversity approach as above.

The Board is satisfied with the composition of its members and is of the view that with the current mix of skills, knowledge, experience and strength, the Board is able to discharge its duties effectively and in a competent manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

The Board is committed to provide fair and equal opportunities within the Group and acknowledges the importance of Boardroom and workplace diversity. The Group is committed to workplace diversity and that the workplace is fair, accessible, inclusive and free from discrimination.

As at the date of this Annual Report, the diversity in the race/ethnicity of the existing Directors is as follows:-

	Race/Ethnicity				Gender		
	Malay	Chinese	Indian	Total	Male	Female	Total
Number of Directors	6	0	0	6	5	1	6

The existing Directors' age distribution falling within the respective age group is as follows:

Age Group (Years)	51 - 60	61 - 70	Total
Number of Directors	3	3	6

Workforce Diversity

The Group is committed to a diverse and inclusive culture which is essential to the Group's future growth. The Group's gender and race/ethnicity diversity are made up of the following:-

	Race/Ethnicity			
Gender	Malay	Chinese	Indian	Other
Male	272	95	29	49
Female	99	47	11	1

The Group's workforce diversity in terms of age is made up of the following:-

	Age Group (Years)				
Gender	Below 21	21-30	31-40	41-50	Above 50
Male	13	168	118	83	63
Female	1	72	53	31	1

Board Meetings

The Board meets at least once every quarter and on other occasions, as and when necessary, inter-alia, to approve quarterly financial results, annual report, business plans and budgets as well as to review the performance of the Group, its operating subsidiaries and other business development activities. Management and external advisors (when needed) are invited to attend the Board and Board Committee meetings and to provide their inputs and advices on relevant matters.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

The attendance record of individual Directors at the Board meetings for the financial year ended 31 August 2018 is detailed below:-

Name	Attendance
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah ("**Tengku Uzir**")	5/5
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah ("**Tengku Zubir**") *(Appointed on 25 September 2018)*	Not Applicable
YAM Tengku Puteri Seri Kemala Pahang Tengku Hajjah Dato' Aishah Binti Sultan Haji Ahmad Shah, DK(II), SIMP ("**Tengku Aishah**") *(Appointed on 30 January 2018)*	2/2
YBhg Datuk Idris Bin Haji Hashim J.P. ("**Datuk Idris**")	4/5
YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin ("**Dato' Syed**")	5/5
Encik Rosli Bin Shafiei ("**En. Rosli**")	5/5

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors. This, amongst others, is evidenced by the attendance record of the Directors at Board meetings.

The minimum 50% attendance requirement as stipulated in the MMLR has been complied with.

Directors' Training

The Board recognises the need to attend training to enable the Directors to discharge their duties effectively. The training needs of each Director could be identified and proposed by the individual Director. The Board via the Nomination Committee has in place an annual assessment of training needs of each Director. The Nomination Committee continues to evaluate and assess the training needs of the Directors to ensure professionalism in discharging their duties and recommends to the Board accordingly.

The Board encourages its members to enhance their skills and knowledge on relevant new laws, regulations and changing commercial risks and to keep abreast with the developments in the economy, industry and technology. During the financial year under review, the Directors attended the following seminars, conferences and programmes:-

- Leading in a Volatile, Uncertain, Complex, Ambiguous World
- Leadership Energy Summit Asia (LESA) 2017
- Best Practice of Nomination and Remuneration Committee
- Reinforcing Corporate Integrity: Top Down and All Around
- Corporate Directors Advances Programme 2017 – Mergers and Acquisitions
- Disruptive Change: Impact and Challenges
- Corporate Board Symposium 2017
- Key Proposed Amendments to Listing Requirements arising from the Companies Act 2016
- Corporate Governance Briefing Session on Malaysian Code on Corporate Governance Reporting and Corporate Governance Guide
- Audit Committee Conference 2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

Board Committees

To ensure the effective discharge of its fiduciary duties and responsibilities more effectively, the Board delegates specific responsibilities to the Board Committees established by the Board.

All Board Committees function within and in accordance with clearly defined terms of reference that were approved by the Board. These Board Committees have unrestricted authority to examine issues and submit reports of their findings to the Board. As the Board Committees have no authority to make decisions on matters reserved for the Board, the recommendations would be deliberated by the Board as a whole for decisions.

(a) Nomination Committee

The Nomination Committee is empowered by the Board among others to recommend to the Board the right candidates with the necessary skills, experiences and competencies to be filled in the Board and Board Committees, re-election and reappointment of Directors.

The Nomination Committee also assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director, including Independent Non-Executive Directors on an annual basis. The Directors are provided with questionnaires to carry out the assessments with absolute anonymity and are based on their competence, capability, time commitment, integrity, participation and contribution in Board and Committees. The results are then tabulated and presented to the Nomination Committee for its review and recommendation to the Board for notation. A summarised version of the results is circulated to each Director for their information. The criteria that are used in the assessments of the Board/Committees include the required mix of skills and experience and the effectiveness of the Board/Committees.

During the financial year under review, the Nomination Committee held three (3) meetings to deliberate and report to the Board on the following:-

- review the profile and nomination of the Independent Non-Executive Director;
- review the composition of the Shariah Advisory Committee;
- assessment of the independence of the Independent Directors;
- review of the Directors who are due for re-election by rotation;
- review of the retention of Independent Directors whose tenure have exceeded nine (9) years, if any;
- review of the Board's representation and the required mix of skills and experience and assessing the effectiveness of the Board as a whole;
- review of the current size and composition of the Board;
- review and deliberation on the findings and outcomes of the assessments of the Board, Board Committees and Directors; and
- review of the term of office, appointment and performance of the Audit Committee and each of its members.

The terms of reference of the Nomination Committee is available for reference on the Company's website at www.wzs.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

All members of the Nomination Committee are Independent Non-Executive Directors. The composition of the Nomination Committee of the Company and the details of attendance of meetings during the financial year under review are as follows:-

Name	Designation	Attendance
YBhg Datuk Idris Bin Haji Hashim J. P. *(Redesignation on 30 January 2018)*	Chairman	2/3
YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin *(Appointed on 30 January 2018)*	Member	2/2
YAM Tengku Puteri Seri Kemala Pahang Tengku Hajjah Dato' Aishah Binti Sultan Haji Ahmad Shah, DK(II), SIMP *(Appointed on 11 October 2018)*	Member	Not Applicable
YBhg Datuk Ahmad Nizam Bin Salleh *(Ceased on 7 August 2018)*	Member	2/2
YBhg Dato' Amin Rafie Bin Othman *(Ceased on 30 January 2018)*	Chairman	1/1
YBhg Dato' Yeong Kok Hee *(Ceased on 30 January 2018)*	Member	1/1

(b) Remuneration Committee

The Remuneration Committee is primarily responsible for reviewing and recommending the appropriate level of remuneration for the Executive Directors and the Non-Executive Directors.

The responsibilities of the Remuneration Committee include the following:-

- set, review, recommend and advise the policy framework on all elements of the remuneration such as reward structure, fringe benefits and other terms of employment of Executive Directors having regard to the overall Group policy guidelines/framework;
- advise the Board on the performance of the Chief Executive Officer and Executive Directors, and an assessment of their entitlements to performance related pay; and
- review the history of and proposals for the remuneration package of the Board's Committees.

During the financial year, the Remuneration Committee conducted one (1) meeting to review the remuneration of all Executive Directors, their performance, their terms of service agreement, bonuses and to perform a self-assessment of its performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

In view of the changes in the Board members, the Board has subsequently appointed new members to the Remuneration Committee and the composition and meeting attendance of the Remuneration Committee of the Company is as follows:-

Name	Designation	Attendance
YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin *(Appointed on 11 October 2018)*	Chairman	Not Applicable
YBhg Datuk Idris Bin Haji Hashim J. P. *(Appointed on 30 January 2018)*	Member	Not Applicable
Encik Rosli Bin Shafiei	Member	1/1
YBhg Datuk Ahmad Nizam Bin Salleh *(Appointed on 30 January 2018 and ceased on 7 August 2018)*	Chairman	Not Applicable
YBhg Dato' Amin Rafie Bin Othman *(Ceased on 30 January 2018)*	Chairman	1/1
YBhg Dato' Ir. William Tan Chee Keong ("**Dato' William**") *(Resigned on 30 January 2018)*	Member	1/1
YBhg Dato' Yeong Kok Hee *(Ceased on 30 January 2018)*	Member	1/1

(c) Audit Committee

The composition of the Audit Committee, its function and a summary of its activities are set out in the Audit Committee Report of this Annual Report.

(d) Shariah Advisory Committee

The Shariah Advisory Committee has an oversight role on Shariah matters related to the Group's business operations and activities. The Shariah Advisory Committee shall be responsible and accountable for all its decisions, views and opinions related to Shariah matters. The Shariah Advisory Committee shall ensure that decisions are made after undergoing rigorous and robust research and deliberation exercises.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

Main duties of the Shariah Advisory Committee shall include:-

- Provide advice to the Board.
- The Shariah Advisory Committee shall advise the Board and provide input to the Group on Shariah matters in order for the Group to comply with Shariah principles at all times.
- Endorse Shariah Policies and Procedures.
- The Shariah Advisory Committee shall endorse Shariah policies and procedures prepared by the Company and ensure that the contents do not contain any elements which are not in line with Shariah principles.
- Assist related parties on Shariah matters upon request for advice.
- The related parties of the Company such as its legal counsel, auditors or consultant may seek advice on Shariah matters from the Shariah Advisory Committee. The Shariah Advisory Committee is expected to provide the necessary assistance to the requesting party to ensure compliance and subscription with Shariah principles.
- Provide written Shariah opinion.
- The Shariah Advisory Committee is required to record any opinion given. In particular, the Shariah Advisory Committee shall prepare written Shariah opinions as and when the Company makes reference to the Shariah Advisory Committee for further deliberation.

The composition of the Syariah Advisory Committee of the Company is as follows:-

Name	Designation
YBhg. Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	Chairman
YBhg. Dato' Ir. Mohd Ghazali Bin Kamaruzaman *(Appointed on 26 April 2018)*	Member
Tuan Haji Sabar Bin Haji Abdul Rahaman	Advisor
Mahamahpoyi Hj Walah	Advisor
Tan Teng Heng *(Ceased on 2 July 2018)*	Member

(e) Long Term Incentive Plan ("**LTIP**") Committee

The LTIP Committee was established to implement and administer the Executive Share Option Scheme and Executive Share Grant Scheme. The terms of reference of the LTIP Committee is available at the Company's corporate website at www.wzs.my.

The composition of the LTIP Committee of the Company is as follows:-

Name	Designation
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	Chairman
Encik Rosli Bin Shafiei	Member
Dato' William *(Appointed on 11 October 2018 and ceased on 17 December 2018)*	Member
Tan Teng Heng *(Ceased on 2 July 2018)*	Member

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

(f) Investment Committee

The Investment Committee was established with the objective to make day-to-day investment decisions up to the pre-approved limit determined by the Board of Directors.

The terms of reference of the Investment Committee is available at the Company's corporate website at www.wzs.my.

The composition of the Investment Committee of the Company is as follows:-

Name	Designation
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	Chairman
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah *(Appointed on 11 October 2018)*	Member
Dato' William *(Ceased on 17 December 2018)*	Member
Tan Teng Heng *(Ceased on 2 July 2018)*	Member

Remuneration

The Board believes that appropriate and competitive remuneration is important to attract, retain and motivate Directors of the necessary calibre, expertise and experience to lead the Group. In line with this philosophy, remuneration for the Executive Directors is aligned to individual and corporate performance. For Non-Executive Directors, the fees are set based on the responsibilities shouldered by the respective Directors. Individual Directors do not participate in determining their own remuneration package.

The Remuneration Committee recommends policy for assessing compensation package for Executive Directors. It also reviews and recommends to the Board for approvals, the remuneration packages and other employment conditions for the Executive Directors.

The remuneration of Executive Directors is made up of basic salaries, monetary incentives and fringe benefits; and is linked to the achievement of corporate performance targets. Salaries for Executive Directors consist of both fixed (i.e. base salary) and variable (performance-based incentive) remuneration components. The remuneration levels of Executive Directors are structured to enable the Company to attract and retain the most qualified Executive Directors. The Company may provide competitive benefits to Executive Directors, such as a fully expensed car or cash alternative in lieu of car, company driver, fuel expenses, private medical insurance and life insurance. Allowances relating to business expenses (i.e. entertainment and travel) incurred are reimbursed such that no additional compensation is given to the Executive Directors.

The remuneration of Non-Executive Directors is made up of Directors' fees, meeting allowances and other benefits. The level of remuneration for Non-Executive Directors shall reflect the experience and level of responsibilities undertaken by the Non-Executive Director concerned. The remuneration of a Non-Executive Director shall and is not based on commission, percentage of profits, or turnover. Non-Executive Directors are not entitled to receive performance-based bonuses nor participate in short-term and/or long-term incentive plans. The remuneration of Non-Executive Directors is reviewed by the Remuneration Committee and Board annually.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

The details of the Directors' remuneration for the financial year ended 31 August 2018 are as follows:

Name of Directors	Company					Group				
	Fees ("RM")	Salaries & Bonus+ ("RM")	Benefits in-kind ("RM")	Others# ("RM")	Total ("RM")	Fees ("RM")	Salaries & Bonus+ ("RM")	Benefits in-kind ("RM")	Others# ("RM")	Total ("RM")
Executive Directors										
Tengku Uzir	-	246,371	7,200	-	253,571	-	810,806	7,200	-	818,006
Dato' William	-	-	-	-	-	-	522,725	-	-	522,725
Total	**-**	**246,371**	**7,200**	**-**	**253,571**	**-**	**1,333,531**	**7,200**	**-**	**1,340,731**
Independent Non-Executive Directors										
Tengku Aishah	35,385	-	-	1,000	36,385	35,385	-	-	1,000	36,385
Datuk Idris	58,000	-	-	3,000	61,000	58,000	-	-	3,000	61,000
Dato' Syed	58,000	-	-	8,000	66,000	58,000	-	-	8,000	66,000
En. Rosli	68,000	-	-	7,500	75,500	68,000	-	-	7,500	75,500
Total	**219,385**	**-**	**-**	**19,500**	**238,885**	**219,385**	**-**	**-**	**19,500**	**238,885**

Notes:

\+ The salaries and bonus are inclusive of statutory contributions and fixed allowance.
\# Comprises meeting allowance.

Remuneration of Tengku Zubir is not disclosed as his appointment to the Board was after the financial year ended 31 August 2018.

The remuneration of the Key Senior Management for the financial year ended 31 August 2018 are disclosed in the Corporate Governance Report 2018 which is available at the Company's corporate website at www.wzs.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee of the Group comprises of three (3) Independent Non-Executive Directors. The Audit Committee is chaired by an Independent Non-Executive Director, Encik Rosli Bin Shafiei. As such, the Chairman of the Audit Committee is distinct from the Chairman of the Board. The composition of the Audit Committee is in compliance with Paragraphs 15.09 and 15.10 of the MMLR and the recommendation of MCCG whereby all the three (3) Audit Committee members are Independent Non-Executive Directors. None of the Independent Directors has appointed alternate directors.

None of the members of the Audit Committee were former key audit partners and notwithstanding that in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as a member of the Audit Committee.

The Board regards the members of Audit Committee collectively possess the accounting and related financial management expertise and experience required for Audit Committee to discharge its responsibilities and assist the Board in its oversight over the financial reporting process.

The responsibilities of the Audit Committee are to oversee the financial reporting process, internal controls, risk management and governance which are guided by its terms of reference, which is available at the Company's corporate website at www.wzs.my.

The Audit Committee assists the Board in reviewing and scrutinising the information in terms of the appropriateness, accuracy and completeness of disclosure and in ensuring that the Group's financial statements comply with applicable financial reporting standards. The Audit Committee reviews and monitors the accuracy and integrity of the Group's quarterly and annual financial statements and submits these statements to the Board for approval and release within the stipulated time frame.

Assessment of External Auditors

In line with Practice 8.3 of the MCCG, the Audit Committee has assessed the suitability, objectivity and independence of the External Auditor. The assessment is conducted on yearly basis by the Audit Committee, using the prescribed External Auditors Evaluation Form, with emphasis of evaluation based on the competence, adequacy of experience and resources, quality of the audit performances, independence and objectivity of the External Auditors, reasonableness of audit fees and comparison of audit and non-audit fees.

The Company's External Auditors are invited to attend the Audit Committee meetings when deemed necessary. During the financial year under review, the Audit Committee had met with the External Auditors on 26 October 2017 and 19 July 2018 respectively without the presence of the management to discuss the scope and adequacy of the audit process, the financial statements and their audit findings that may require the attention of the Audit Committee and the Board.

The Audit Committee, as part of its review, has obtained assurance from the External Auditors confirming that they have in place policies on rotation (every 5 years) for partners of an audit engagement to ensure objectivity, independence and integrity of the audit and declared their independence throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

Annually, the Audit Committee also reviews the appointment, performance and remuneration of the External Auditors including audit and non-audit services, to ensure that the independence and objectivity of the External Auditors are not compromised, before recommending them to the shareholders for re-appointment in the AGM.

The Group has adopted a Policy on the Provision of Non-Audit Services by External Auditors which governs the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the External Auditors. The Audit Committee has ensured that the External Auditors are a suitable service provider of the non-audit services based on their skills and experience. The Audit Committee also considered the nature of the non-audit services and the related fee levels (both individually and in aggregate) relative to the audit fee to ensure independence of the External Auditors.

The Audit Committee was satisfied with the performance, suitability and independence of the External Auditors of the Company based on the quality of services and sufficiency of resources they provided to the Group, in terms of the firm and the professional employees assigned to the audit.

Risk Management and Internal Control Framework

The Board acknowledges that risk management is an integral part of good management practices. Risk is inherent in all business activities. It is not the Group's objective to eliminate risk totally, but to review, prioritise and manage risks involved in all the Group's activities and to balance between the cost of managing and treating risks, and the anticipated benefits that will be derived.

The risk management and internal control functions were assumed and overseen by the Audit Committee of the Company. The Management is responsible for implementing Board approved policies and procedures on risk management by identifying and evaluating risks, and monitoring the risks vis-a-vis achievement of business objectives within the risk appetite parameters.

The Board has established an internal audit function which is currently outsourced to a professional firm. Functionally, the Internal Auditors report to the Audit Committee directly and they are responsible for conducting reviews and appraisals of the effectiveness of the governance, internal controls and processes within the Group.

Further details of the Group's state of risk management and internal control systems are reported in the Statement on Risk Management and Internal Control set out in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Continued)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Board acknowledges the value of transparent, consistent and coherent communications with the investing community consistent with commercial confidentiality and regulatory considerations. Accordingly, the Board has formalised the Corporate Disclosure Policy and Procedures to assist the Board in furnishing information which is comprehensive and accurate and is made on a timely basis and to ensure that communications to the investing public are accurate, timely, factual, informative, balanced, broadly disseminated and in compliance with applicable legal and regulatory requirements.

The Board recognises the need for transparency and accountability to shareholders and for regular communications with shareholders, stakeholders and investors on the performance and major developments in the Group. This is achieved through timely releases of quarterly financial results, circulars, annual reports, corporate announcements and press releases.

The Board aims to build long-term relationships with stakeholders through appropriate channels for disclosure of information. The Company has established a comprehensive website at www.wzs.my which includes dedicated sections on Corporate Governance and Investor Relations, to further enhance stakeholders' communication.

Conduct of General Meetings

The main forum of dialogue with shareholders of the Company is the Company's AGM. The AGM represents the primary platform for direct two-way interactions between shareholders, Directors and Senior Management of the Company. The Company provides information in the Notice of AGM, which are sent to shareholders at least 28 days prior to the AGM, on the details of general meeting, resolutions to be tabled for approval and shareholders' entitlement to attend general meeting, and their right to appoint proxy(ies) to encourage shareholders' participation at general meeting.

All Directors, Senior Management and the External Auditors will attend the general meetings. During the general meetings, shareholders who attend the general meetings are encouraged and given sufficient opportunity as well as time by the Board to raise questions pertaining to the Annual Report, resolutions being proposed and the business of the Company or the Group in general prior to seeking approval from members and proxies on the resolutions. All Directors and the Chair of every Board Committees, as well as Senior Management, where appropriate, will provide feedbacks, answers and clarifications to the questions raised from the shareholders during the general meetings.

In line with paragraph 8.29A of the MMLR of Bursa Securities on the requirement for poll voting for any resolution set out in the notice of general meetings, at the Thirteenth AGM held last year, poll voting was used to facilitate the voting process for resolutions tabled. An independent scrutineer was also appointed to scrutinise the polling process.

ADDITIONAL COMPLIANCE INFORMATION

In conformance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following information is provided: -

1. Audit and Non-Audit Fees

During the financial year, the amounts of audit and non-audit fees paid by the Company and the Group to the External Auditors are as follows:

Description	Group (RM)	Company (RM)
Audit Fees	226,000	43,000
Non-Audit Fees	54,000	54,000
Total Fees	**280,000**	**97,000**

2. Revaluation Policy on Landed Properties

The Group has adopted a policy to revalue its land and buildings in every five (5) years. However, for land and buildings disposed of during the financial year, no revaluation surplus/deficit is recognised in the year of disposal.

3. Material Contracts

There were no material contracts involving the Directors', chief executives' (who is not a Director) and major shareholders' interests, either still subsisting at the end of the financial year ended 31 August 2018 or, if not then subsisting, entered into since the end of the previous financial year.

4. Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised from any corporate proposals during the financial year ended 31 August 2018.

5. Long Term Incentive Plan ("LTIP")

There was no option allocated or granted by the Company under the LTIP approved by the shareholders on 28 January 2016 to any parties during the financial yead ended 31 August 2018.

AUDIT COMMITTEE REPORT

The Board of Directors of WZ Satu Berhad is pleased to present the Audit Committee Report for the financial year ended 31 August 2018.

ROLES OF AUDIT COMMITTEE

The Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:-

(a) assess the risk and control environment;
(b) oversee financial reporting;
(c) evaluate the internal and external audit process; and
(d) review conflict of interest situations and related party transactions.

COMPOSITION AND ATTENDANCE OF MEETINGS

The Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee, Encik Rosli Bin Shafiei, is a member of Malaysian Institute of Accountants fulfilling the requisite qualifications under Paragraph 15.09(1)(c) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad.

The composition of the Audit Committee is in compliance with Paragraphs 15.09 and 15.10 of the MMLR of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance ("**MCCG**") whereby all three (3) Audit Committee members are Independent Non-Executive Directors. None of the Independent Directors has appointed alternate directors.

The Audit Committee meets at least four (4) times in each financial year and at least two (2) members who are Independent Directors must be present to constitute a quorum. The Company Secretary shall be the Secretary of the Audit Committee. Other Board members and designated members of Senior Management may also attend these meetings on the invitation of the Audit Committee.

During the financial year ended 31 August 2018, the Audit Committee conducted five (5) meetings. The details of attendance of the members of the Audit Committee are as follows:

Name	Designation and Directorship	Meeting Attendance
Encik Rosli Bin Shafiei	Chairman, Independent Non-Executive Director	5/5
YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	Member, Independent Non-Executive Director	5/5
YBhg Datuk Idris Bin Haji Hashim J. P. *(Appointed on 11 October 2018)*	Member, Independent Non-Executive Director	Not Applicable
YBhg Datuk Ahmad Nizam Bin Salleh *(Ceased on 7 August 2018)*	Member, Independent Non-Executive Director	5/5
YBhg Dato' Amin Rafie Bin Othman *(Ceased on 30 January 2018)*	Member, Independent Non-Executive Director	2/2
YBhg Dato' Yeong Kok Hee *(Ceased on 30 January 2018)*	Member, Independent Non-Executive Director	2/2

AUDIT COMMITTEE REPORT

(Continued)

TERMS OF REFERENCE

The principal objective of the Audit Committee is to assist the Board of Directors ("**Board**") in discharging its fiduciary responsibilities relating to financial reporting process and internal controls of the Group.

None of the members of the Audit Committee were former key audit partners and notwithstanding that in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as a member of the Audit Committee.

The terms of reference of the Audit Committee set out the authorities, roles and responsibilities of the Audit Committee which are consistent with the requirements of the MMLR and the recommendations of MCCG. The terms of reference of the Audit Committee are available on the Company's website at www.wzs.my.

SUMMARY OF WORK OF THE AUDIT COMMITTEE

The summary of the main activities carried out by the Audit Committee during the financial year under review is as follows:

Financial Reporting and other matters:

(a) Reviewed and discussed the quarterly and year-end financial statements, prior to recommendations to the Board. The key areas of focus are as follows:-
- change in accounting policies and practices;
- significant adjustments arising from the audit;
- going concern assumption;
- compliance with accounting standards and other legal requirements;
- significant matters highlighted in the financial statements;
- significant judgements made by the Management; and
- significant and unusual events or transaction, if any.

(b) Reviewed and recommended the Corporate Governance Overview Statement, Audit Committee Report and Statement on Risk Management and Internal Control to the Board for consideration and approval for inclusion in the Annual Report.

(c) Reviewed and recommended to the Board for approval on any material related party transactions and recurrent related party transactions arising during the financial year.

External Audit:

(a) Reviewed, discussed and approved the External Auditors' audit planning memorandum.

(b) Reviewed, discussed and approved the External Auditors' scope of works, key areas of audit emphasis, audit approach and timetable.

(c) Reviewed, discussed and assessed the problems and reservations arising from the interim and final audits together with corresponding action plans and recommendations made by the External Auditors.

(d) Reviewed, discussed and assessed the External Auditor's management letter and the adequacy and effectiveness of management's response; and

AUDIT COMMITTEE REPORT

(Continued)

(e) Reviewed the performance, independence and effectiveness of the External Auditors and made recommendations to the Board on the re-appointment and remuneration of the External Auditors.

(f) Reviewed the audit and non-audit fees payable to the External Auditors for financial year ended 31 August 2018 to ensure the level of non-audit services rendered by the External Auditors would not impair their objectivity and independence as External Auditors of the Company.

(g) Discussed with the Management and the External Auditors on developments in respect of the Malaysian Financial Reporting Standards ("MFRSs") applicable to the financial statements of the Group and of the Company and their judgement of the items that may affect the financial statements;

(h) Carried out private meetings with the External Auditors without the presence of the Executive Directors and Management of the Group.

Internal Audit:

(a) Reviewed the internal audit reports, audit recommendations made and management response to those recommendations and reviewed the follow-up audits to ensure that appropriate actions were taken and recommendations of the Internal Auditors were implemented.

(b) Reviewed the Internal Audit Plan tabled by the Internal Auditors and agreed on the timing and frequency of the proposed audit areas.

(c) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.

(d) Carried out private meetings with the Internal Auditors without the presence of the Executive directors and Management of the Group.

INTERNAL AUDIT FUNCTION

The internal audit function is essential for assisting the Audit Committee in reviewing the state of the systems of internal control maintained by Management. During the financial year, the Audit Committee engaged RSM Corporate Consulting (Malaysia) Sdn. Bhd., an external professional firm to provide independent internal audit services to the Group. The Internal Auditors adopted a risk-based approach towards the planning and conduct of their audits and they report directly to the Audit Committee.

The Audit Committee reviews and approves the annual internal audit plan before the Internal Auditors carry out its audit functions. All audit findings are reported to the Audit Committee and areas of improvements and audit recommendations identified are communicated to Management for further action. The internal audit scope of work also covers the follow-up review on the status of actions implemented by the Management.

AUDIT COMMITTEE REPORT

(Continued)

The internal audit approach were as follows:-

(a) understand and evaluate business processes and related business controls from a risk perspective;
(b) identify control inadequacies within the Group and recommend viable solutions;
(c) ascertain the extent of compliance with established policies and procedures; and
(d) provide reasonable assurance in regards to process effectiveness and efficiency, i.e., not just in terms of integrity but also in terms of process improvement opportunities.

For the financial year ended 31 August 2018, the key process controls audited were as follows:-

(a) Group
- Information Technology General Control

(b) Oil and Gas Segment
- Project Management

(c) Other Segment - Power
- Project Management

The Audit Committee has reviewed, discussed and assessed all significant matters highlighted by the Internal Auditors on financial reporting and operating issues. The Audit Committee noted that there were no material misstatements, frauds and deficiencies in the systems of internal control not addressed by the Management. The Audit Committee has also reviewed all significant judgements made by the Management as follows:-

(a) impairment of assets and long term contracts involving significant estimates of revenue and expenses;
(b) impairment loss on receivables;
(c) write-down of inventories;
(d) depreciation method/estimation of useful lives of property, plant and equipment;
(e) goodwill; and
(f) investment in subsidiaries and associate.

The Audit Committee is satisfied that the systems of internal controls are adequate and operating effectively. During the financial year under review, there was no material internal control failure that was reported that would have resulted in any significant loss to the Group. The total fees incurred for internal audit function incurred for the financial year ended 31 August 2018 was RM44,500/-.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("**the Board**") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 August 2018 ("**Statement**"). This Statement is prepared pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("**Bursa Securities**")'s Main Market Listing Requirements ("**MMLR**").

The Board is also guided by the latest "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers" issued by the Task Force on Internal Control with the support and endorsement of the Bursa Securities and Principle B of the Malaysian Code on Corporate Governance ("the Code") - Risk Management and Internal Control Framework.

BOARD'S RESPONSIBILITIES

The Board affirms its overall responsibilities of good practice of corporate governance and is committed to maintain a sound system of internal control and effective risk management to safeguard its investments and assets. The system will provide reasonable assurance in ensuring the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

However, due to inherent limitations of any system of internal control and risk management, it should be noted that the system is designed to manage rather than to eliminate the risk of failure to achieve the objectives. Therefore, any system of internal control for that matter could only provide a reasonable and not complete assurance against any material misstatement or omission.

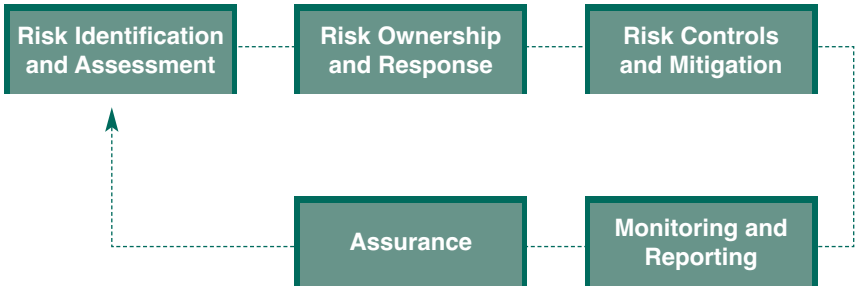
The Board is assisted by the Audit Committee, Internal Auditors and Management to identify, approve, and implement policies and procedures on risk management and internal control. As such, the Audit Committee assume the oversight on the risk management matters. Management identifies and evaluates the risks faced, designs, implements and monitors an appropriate system of internal control in line with the policies approved by the Board.

The Board with the assistance of the Audit Committee and Internal Auditors, RSM Corporate Consulting (Malaysia) Sdn. Bhd. ("**RSM**"), continuously review the existing risks and identify new risks that the Group faces. In addition, the Management's action plans that manage such risks are also being reviewed by the Audit Committee to ensure its adequacy and effectiveness.

RISK MANAGEMENT FRAMEWORK

Risk management is regarded by the Board as part of the business operation activities of the Group. It is the Board's priority to ensure that uncertainties and investment risks in new business ventures are managed in order to safeguard the interest of the shareholders. Collectively, the Board oversees and reviews the conduct of the Group's businesses while the Executive Directors and Management execute measures and controls to ensure that the risks are effectively managed.

The key aspects of the risk management framework are:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

The other key elements of the systems of internal control and the Board's review mechanisms are as follows:-

(a) Organisation structure with well-defined delegation of responsibilities and accountabilities for the Group's operating units.
(b) Establishment of the Nomination, Remuneration, Long Term Incentive Plan, Shariah Advisory and Investment Committees, apart from the Audit Committee;
(c) Clearly defined and documented internal policies and procedures for certain key operational areas have been established and is subject to periodic review;
(d) Establishment of the limits of Management's approvals and authorities and the authority limit is to be reviewed from time to time;
(e) Periodic review of Group's management accounts and performance analysis by the Executive Directors and Management; and
(f) The Audit Committee regularly convenes meetings with the Internal Auditors to deliberate on the findings and recommendations for improvement to the system of internal control of the Group. The Audit Committee reviews the action plans taken by the Management to rectify the findings in a timely manner and to evaluate the effectiveness and adequacy of the Group's system of internal control.

Besides reviewing the systems of internal control, the Audit Committee also reviews the financial information and reports produced by the Management. With the Management's consultation, the Board and the Audit Committee deliberate the integrity of the financial results, Annual Report and audited financial statements before presenting these financial information to the shareholders, investors and public.

In accordance with the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers issued by Bursa Securities, the Management is responsible to the Board for:-

(a) continuously reviewing the risk profile and action plan to be undertaken to manage the principle risks relevant to the businesses of the Group;
(b) designing, implementing and monitoring the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
(c) identifying changes to risks or emerging risks, taking actions as appropriate and promptly bringing these to the attention of the Board.

The Board has received assurances from the Executive Chairman, the Managing Director/Group Chief Executive Officer and Chief Financial Officer that, to the best of their knowledge, the Group's risk management and system of internal control, in all material aspects, are operating effectively.

INTERNAL AUDIT FUNCTION

The Audit Committee engaged RSM, an external professional firm to provide independent internal audit services to the Group. RSM provides the Audit Committee with quarterly reports of their audit findings and observations, together with recommendations and Management's action plans to enhance the systems of internal control. The Audit Committee reviews the internal audit reports and reports to the Board on significant control issues noted. Follow-up audits are carried out to ascertain if Management's actions are effectively implemented.

The principal roles of the Internal Auditors are to assist the Audit Committee in discharging its duties and responsibilities in respect of reviewing the adequacy and effectiveness of the internal control system, risk management framework, governance and control processes.

During the financial year ended 31 August 2018, the cost incurred for the internal audit function amounted to approximately RM44,500/-.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

OTHER RISK MITIGATION PROCESSES

The Board has also adopted various other processes to complement the system of internal control which include:-

(a) the establishment of Board Charter and Code of Ethics and Conduct which assist the Directors and employees of the Group in defining the minimal ethical standards and conducts in discharging their responsibilities; and
(b) the implementation of a Whistle-Blowing Policy and Procedures to provide a channel for legitimate concerns to be raised by employees or other stakeholders to the Audit Committee's Chairman.

The Board Charter, Code of Ethics and Conduct and Whistle-Blowing Policy and Procedures of the Company are available for reference on the Company's website at www.wzs.my.

BOARD ASSURANCE AND LIMITATION

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group. While the Board reiterates that the risk management and systems of internal control are continuously improved in line with evolving business developments, it should also be noted that all the risk management systems and systems of internal control can only manage rather than eliminate the risks of failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group can only provide reasonable but not absolute assurance against all material misstatements, frauds and losses.

The Group has invested in associated companies, SE Satu Sdn Bhd, SE Satu Pelangi Sdn Bhd and WZS Technologies Sdn Bhd While the Group has board representatives in the associated companies, the Group does not have management control in their operations. Accordingly, the associated companies have not been dealt with and considered for the purposes of this Statement.

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Bursa Securities's MMLR, the External Auditors have conducted a limited assurance engagement on this Statement for inclusion in the Annual Report for the financial year ended 31 August 2018. Their assurance engagement was performed pursuant to the scope set out in Audit and Assurance Practice Guide ("**AAPG**") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management in accordance with ISAE 3000 (Revised 2015) and Internal Control issued by Malaysian Institute of Accountants.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respect, in accordance with disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers as set out, nor it is factually inaccurate. AAPG 3 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control system.

BOARD'S CONCLUSION

For the financial year under review, the Board is of the view that the systems of internal control and risk management, procedures and processes in place are reasonable, adequate and effective in safeguarding the assets of the Group, interests of shareholders and other stakeholders.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that:-

(a) annual audited financial statements of the Group and the Company are drawn up in accordance with applicable approved Malaysian Financial Reporting Standards and the provisions of the Companies Act 2016 so as to give a true and fair view of the state of affairs of the Group and Company for the financial year ended 31 August 2018, and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date, and

(b) accounting and other records are kept in a proper manner which enable the preparation of the financial statements with reasonable accuracy and by taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the financial year ended 31 August 2018, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statements with reasonable and prudent judgments and estimates. The Directors are satisfied that all relevant approved Malaysian Financial Reporting Standards have been followed in the preparation of the financial statements.

The Directors confirmed that they have complied with the above requirements for the annual financial statements for the financial year ended 31 August 2018.

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of WZ Satu Berhad ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 August 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	(89,994)	(34,081)
Attributable to:		
Owners of the Company	(89,607)	(34,081)
Non-controlling interests	(387)	-
	(89,994)	(34,081)

DIVIDENDS

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

	RM'000
Final dividend of 2 sen per ordinary share in respect of the financial year ended 31 August 2017 as reported in that year, was paid on 1 March 2018	6,977

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 August 2018.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

DIRECTORS' REPORT
(Continued)

BAD AND DOUBTFUL DEBTS (CONTINUED)

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year.

In the opinion of the directors, 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 will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinions of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the impairment of goodwill and the recognition of profit guarantee compensation as disclosed in Note 25 to the financial statements.

No item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

(Continued)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the total number of issued shares of the Company increased from 348,874,195 units to 465,165,197 units by way of the issuance of 116,291,002 new ordinary shares on the basis of one (1) bonus share for every three (3) existing ordinary shares held.

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

The Company did not issue any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

Other than warrants, no options were granted to any person to take up the unissued shares of the Company during the financial year.

WARRANTS

The Warrants issued on 29 October 2014 are constituted under a Deed Poll dated 9 October 2014 executed by the Company. The Warrants are listed on the Bursa Malaysia Securities Berhad.

The movement of Warrants during the financial year ended 31 August 2018 are stated as below:

	← Number of Warrants ('000) →		
	At 1.9.2017	Bonus Issue	At 31.8.2018
Warrants	98,581	32,860	131,441

The salient features of the Warrants are as follows:

(i) Each Warrant entitles the registered holder/(s) at any time prior to 28 October 2024 to subscribe for one (1) new ordinary share at RM0.50 each. The Warrants entitlement is subject to adjustments under the terms and conditions set out in the Deed Poll dated 9 October 2014;

(ii) The exercise period is ten (10) years from the date of issuance until the maturity date. Upon the expiry of the exercise period, any unexercised rights will lapse and cease to be valid for any purposes;

(iii) The holders of the Warrants are not entitled to vote in any general meetings or to participate in any dividends, rights, allotment and/or other forms of distribution other than on winding-up, compromise or arrangement of the Company unless and until the holders of the Warrants becomes a shareholder of the Company by exercising his Warrants into new shares or unless otherwise resolved by the Company in general meeting; and

(iv) Pursuant to the issuance of bonus shares on the basis of one (1) bonus share for every three (3) existing shares held by shareholders whose name appeared in the record of depositors on 16 May 2018, a total of 32,860,154 additional warrants were issued arising from the adjustment made in relation to the bonus issue and the exercise price of the outstanding warrants were revised from RM0.50 to RM0.38. This is in accordance to the Deed Poll dated 9 October 2014 and Notice to Warrant Holders dated 21 May 2018.

As at the reporting date, 131,440,908 Warrants remained unexercised.

DIRECTORS' REPORT
(Continued)

DIRECTORS

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

YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah*	
Dato' Ir. William Tan Chee Keong*	
Datuk Idris Bin Haji Hashim J. P.	
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	
Rosli Bin Shafiei	
YAM Tengku Puteri Seri Kemala Pahang Tengku Hajjah Dato' Aishah Binti Sultan Haji Ahmad Shah,DK (II), SIMP	(Appointed on 30 January 2018)
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah*	(Appointed on 25 September 2018)
Tan Chong Boon	(Retired on 30 January 2018)
Dato' Ir. Mohd Ghazali Bin Kamaruzaman	(Resigned on 30 January 2018)
Dato' Amin Rafie Bin Othman	(Retired on 30 January 2018)
Dato' Yeong Kok Hee	(Retired on 30 January 2018)
Ng Chong Tin (Alternate Director to Tan Chong Boon)	(Retired on 30 January 2018)
Choi Chee Ken (Alternate Director to Dato' Ir. Mohd Ghazali Bin Kamaruzaman)	(Resigned on 30 January 2018)
Tan Teng Heng	(Resigned on 2 July 2018)
Datuk Ahmad Nizam Bin Salleh	(Resigned on 7 August 2018)

* Directors of the Company and certain subsidiaries

Directors of Subsidiaries

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

Choi Chee Ken
Chong Kim Tham
Chua Han Wen
Dato' Ahmad Sharifuddin Bin Abdul Kadir
Dato' Ir. Mohd Ghazali Bin Kamaruzaman
Dominic James How Eng Li
Ho Kek Yee
Mohd Aris Bin Mohd Arif
Sak Swee Seong
Tan Chong Boon
Teoh Chee Yoong

DIRECTORS' REPORT

(Continued)

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of those directors in office at the end of the financial year in shares and warrants in the Company and its related corporations during the financial year ended 31 August 2018 were as follows:

	Number of ordinary shares			
	At 1.9.2017/ Date of Appointment	Bought/ Bonus Issue*	Sold	At 31.8.2018
Direct Interest				
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	80,421,636	32,207,210	(9,000,000)	103,628,846
Dato' Ir. William Tan Chee Keong	13,950,000	4,650,000	-	18,600,000
*Indirect Interest***				
Dato' Ir. William Tan Chee Keong	265,800	88,600	-	354,400
YAM Tengku Puteri Seri Kemala Pahang Tengku Hajjah Dato' Aishah Binti Sultan Haji Ahmad Shah, DK (II), SIMP	15,000,000	5,000,000	-	20,000,000

	Number of Warrants			
	At 1.9.2017	Bought/ Bonus Issue*	Sold	At 31.8.2018
Direct Interest				
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	38,161,467	12,720,489	-	50,881,956
Dato' Ir. William Tan Chee Keong	6,975,000	2,325,000	-	9,300,000
*Indirect Interest***				
Dato' Ir. William Tan Chee Keong	60,900	20,300	-	81,200

* Bonus Issue on 16 May 2018

** Deemed interests pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of their spouse direct interests in the Company

By virtue of his interests in the ordinary shares of the Company, YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah is deemed to have an interest in the ordinary shares of all subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' REPORT

(Continued)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors shown in Note 26 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than those disclosed in Note 30 to the financial statements.

Neither during, nor at the end of the financial year, was the Company a party to any arrangement where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM4,000,000 and RM12,500 respectively.

SUBSIDIARIES

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

SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 35 to the financial statements.

AUDITORS' REMUNERATION

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

INDEMNITY TO AUDITORS

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

DIRECTORS' REPORT

(Continued)

AUDITORS

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

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

YM TENGKU DATO' SRI UZIR BIN TENGKU DATO' UBAIDILLAH
Executive Chairman

ROSLI BIN SHAFIEI
Director

Date: 13 December 2018

STATEMENTS OF FINANCIAL POSITION

As At 31 August 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	86,901	95,802	621	777
Goodwill on consolidation	6	15,900	41,024	-	-
Investment in associates	7	13,785	28,587	4,354	2,077
Investment in subsidiaries	8	-	-	97,478	121,061
Club memberships	9	205	205	-	-
Other receivables	10	-	-	47,634	-
Total non-current assets		116,791	165,618	150,087	123,915
Current assets					
Inventories	11	32,549	28,676	-	-
Trade and other receivables	10	146,752	170,792	20,326	54,604
Prepayments		3,126	3,175	56	126
Amount due from contract customers	12	152,523	108,682	-	-
Tax recoverable		4,357	1,815	74	74
Derivative financial assets	13	3	9	-	-
Short term deposits, cash and bank balances	14	66,623	90,637	42,455	73,202
		405,933	403,786	62,911	128,006
Assets of disposal group classified as held for sale	15	-	26,278	-	8,726
Total current assets		405,933	430,064	62,911	136,732
TOTAL ASSETS		522,724	595,682	212,998	260,647

STATEMENTS OF FINANCIAL POSITION

As At 31 August 2018 (Continued)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	231,660	231,660	231,660	231,660
Reserves	17	3,217	100,014	(20,761)	20,297
		234,877	331,674	210,899	251,957
Non-controlling interests		1,100	1,487	-	-
TOTAL EQUITY		235,977	333,161	210,899	251,957
Non-current liabilities					
Deferred tax liabilities	18	4,836	5,966	17	17
Borrowings	19	10,583	17,579	-	44
Total non-current liabilities		15,419	23,545	17	61
Current liabilities					
Amount due to contract customers	12	11,953	10,024	-	-
Trade and other payables	20	128,226	108,218	2,082	8,525
Borrowings	19	131,149	104,748	-	104
Derivative financial liabilities	13	-	27	-	-
Provision for liabilities	21	-	24	-	-
		271,328	223,041	2,082	8,629
Liabilities of disposal group classified as held for sale	15	-	15,935	-	-
Total current liabilities		271,328	238,976	2,082	8,629
TOTAL LIABILITIES		286,747	262,521	2,099	8,690
TOTAL EQUITY AND LIABILITIES		522,724	595,682	212,998	260,647

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 August 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue	22	512,617	560,448	13,545	34,745
Cost of sales	23	(496,264)	(468,413)	-	-
Gross profit		16,353	92,035	13,545	34,745
Other income		22,653	11,035	30,119	3,539
Distribution costs		(1,054)	(1,078)	-	-
Administrative expenses		(47,518)	(44,904)	(4,227)	(4,278)
Other expenses		(53,522)	(21,364)	(72,557)	(6,292)
Results from operating activities		(63,088)	35,724	(33,120)	27,714
Finance costs	24	(9,291)	(7,743)	(2)	(185)
Share of results of associates, net of tax		(16,802)	4,701	-	-
(Loss)/Profit before taxation	25	(89,181)	32,682	(33,122)	27,529
Taxation	27	(813)	(7,176)	(959)	(802)
(Loss)/Profit for the financial year		(89,994)	25,506	(34,081)	26,727
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Net surplus on revaluation of properties		-	14,415	-	-
Total comprehensive (loss)/income for the financial year		(89,994)	39,921	(34,081)	26,727

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 August 2018 (Continued)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
(Loss)/Profit attributable to:					
Owners of the Company		(89,607)	25,408	(34,081)	26,727
Non-controlling interests		(387)	98	-	-
(Loss)/Profit for the financial year		(89,994)	25,506	(34,081)	26,727
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(89,607)	39,823	(34,081)	26,727
Non-controlling interests		(387)	98	-	-
Total comprehensive (loss)/income for the financial year		(89,994)	39,921	(34,081)	26,727
(Loss)/Earnings per share attributable to owners of the Company					
Basic (loss)/earnings per share (sen)	28	(19.26)	5.48		
Diluted earnings per share (sen)	28	(19.26)	4.72		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 August 2018

Group	Note	← Attributable to owners of the Company → Share Capital RM'000	Revaluation Reserve RM'000	Retained Earnings/ (Accumulated Losses) RM'000	Sub-Total RM'000	Non-Controlling Interests RM'000	Total RM'000
At 1 September 2017		231,660	19,307	80,707	331,674	1,487	333,161
Loss for the financial year		-	-	(89,607)	(89,607)	(387)	(89,994)
Total comprehensive loss for the financial year		-	-	(89,607)	(89,607)	(387)	(89,994)
Changes in revaluation reserve		-	(1,796)	1,583	(213)	-	(213)
Dividend paid	29	-	-	(6,977)	(6,977)	-	(6,977)
Total transactions with owners of the Company		-	(1,796)	(5,394)	(7,190)	-	(7,190)
At 31 August 2018		231,660	17,511	(14,294)	234,877	1,100	235,977

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 August 2018 (Continued)

Group	Attributable to owners of the Company					Non-Controlling Interests RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000	Sub-Total RM'000		
At 1 September 2016	167,934	57,222	5,036	65,458	295,650	1,443	297,093
Profit for the financial year	-	-	-	25,408	25,408	98	25,506
Other comprehensive income							
Net surplus on revaluation of properties	-	-	14,415	-	14,415	-	14,415
Total comprehensive income for the financial year	-	-	14,415	25,408	39,823	98	39,921
Changes in revaluation reserve	-	-	(144)	253	109	-	109
Subscription of shares in subsidiary	-	-	-	54	54	(54)	-
Issuance of shares pursuant to the exercise of warrants	6,504	-	-	-	6,504	-	6,504
Dividends paid	-	-	-	(10,466)	(10,466)	-	(10,466)
Transition to no-par value regime	57,222	(57,222)	-	-	-	-	-
Total transactions with owners of the Company	63,726	(57,222)	(144)	(10,159)	(3,799)	(54)	(3,853)
At 31 August 2017	231,660	-	19,307	80,707	331,674	1,487	333,161

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 August 2018 (Continued)

	Attributable to owners of the Company		
	Share Capital RM'000	Retained Earnings/ (Accumulated Losses) RM'000	Total RM'000
Company			
At 1 September 2017	231,660	20,297	251,957
Total comprehensive loss for the financial year	-	(34,081)	(34,081)
Dividend paid	-	(6,977)	(6,977)
Total transactions with owners of the Company	-	(6,977)	(6,977)
At 31 August 2018	231,660	(20,761)	210,899

	← Attributable to owners of the Company →			
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Total RM'000
Company				
At 1 September 2016	167,934	57,222	4,036	229,192
Total comprehensive income for the financial year	-	-	26,727	26,727
Issuance of shares pursuant to the exercise of warrants	6,504	-	-	6,504
Dividends paid	-	-	(10,466)	(10,466)
Transition to no-par value regime	57,222	(57,222)	-	-
Total transactions with owners of the Company	63,726	(57,222)	(10,466)	(3,962)
At 31 August 2017	231,660	-	20,297	251,957

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 August 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before taxation		(89,181)	32,682	(33,122)	27,529
Adjustments for:					
Bad debts written off		303	11	-	-
Depreciation of property, plant and equipment		12,602	11,553	204	211
Impairment loss on goodwill		25,124	-	-	-
Impairment loss on investment in associates		-	-	1,223	1,283
Impairment loss on investment in subsidiaries		-	-	57,583	3,905
Impairment loss on receivables		4,033	68	12,042	-
Interest expenses		9,291	7,743	2	185
Net fair value (gain)/loss on derivatives		(21)	40	-	-
Plant and equipment written off		70	130	-	-
Dividend income		-	-	(13,500)	(34,690)
Fair value gain on financial assets and liabilities		(25)	(2,464)	-	(419)
(Gain)/Loss on disposal of property, plant and equipment		(3)	(3,553)	23	-
Gain on disposal of a subsidiary		(8,698)	-	(13,644)	-
Interest income		(1,531)	(2,663)	(4,464)	(3,106)
Reversal of impairment loss on receivables		(61)	(332)	-	-
Reversal of provision of liabilities		(24)	-	-	-
Share of results of associates		16,802	(4,701)	-	-
Unrealised loss/(gain) on foreign exchange		13	(465)	-	-
Operating cash flows before changes in working capital		(31,306)	38,049	6,347	(5,102)

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 August 2018 (Continued)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Changes in working capital:					
Contract customers		15,341	(60,394)	-	-
Inventories		(3,873)	(3,233)	-	-
Payables		(65,163)	15,397	(6,362)	6,093
Receivables		46,878	(21,288)	(2,252)	(10,461)
Assets held for sale		(402)	(1,170)	-	-
Net cash flows used in operations		(38,525)	(32,639)	(2,267)	(9,470)
Dividend received		1,500	5,190	1,500	5,190
Interest paid		(8,885)	(8,100)	(2)	(185)
Interest received		1,509	2,663	4,464	3,106
Net taxes paid		(4,541)	(6,730)	(958)	(554)
Net cash (used in)/generated from operating activities		(48,942)	(39,616)	2,737	(1,913)
CASH FLOWS FROM INVESTING ACTIVITIES					
Additional investment in associates		(3,500)	(1,000)	(3,500)	(1,000)
(Advance to)/Repayment from subsidiaries		-	-	(16,226)	4,118
Decrease of deposits pledged to licensed banks		-	12,751	-	-
Acquisition of subsidiaries, net of cash acquired	8	(6,694)	-	-	-
Proceeds from disposal of plant and equipment		249	202	165	-
Proceeds from disposal of a subsidiary, net of cash disposed	8	21,148	-	22,370	-
Purchase of property, plant and equipment	(a)	(3,736)	(12,716)	(236)	(217)
Repayment from/(Advance to) associated companies		5,150	(1,482)	5,068	(1,482)
Subscription of shares in subsidiaries		-	-	(34,000)	(5,000)
Net cash generated from/(used in) investing activities		12,617	(2,245)	(26,359)	(3,581)

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 August 2018 (Continued)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(6,977)	(10,466)	(6,977)	(10,466)
Drawdown of bank borrowings	(b)	-	225,656	-	-
Drawdown of finance lease	(b)	102	1,838	-	-
Net proceeds from exercise of warrants		-	6,504	-	6,504
Payment of bank borrowings	(b)	26,455	(202,227)	-	-
Payment of finance lease liabilities	(b)	(6,558)	(7,163)	(148)	(338)
Net cash generated from/(used in) financing activities		13,022	14,142	(7,125)	(4,300)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(23,303)	(27,719)	(30,747)	(9,794)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		76,372	103,604	73,202	82,996
Effect of the exchange rate fluctuations		(19)	487	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	14	53,050	76,372	42,455	73,202

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 August 2018 (Continued)

(a) During the financial year, the Group and the Company made the following cash payments for the purchase of property, plant and equipment:

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Purchase of property, plant and equipment		3,834	25,179	236	217
Acquired by means of finance lease arrangement	(b)	(98)	(12,463)	-	-
Cash payments on purchase of property, plant and equipment		3,736	12,716	236	217

(b) Reconciliation of liabilities arising from financing activities:

	1 September 2017 RM'000	Cash flows RM'000	Non-cash RM'000	31 August 2018 RM'000
Borrowings				
Finance lease liabilities	23,065	(6,456)	98	16,707
Floating rate bank loan	2,736	(1,680)	-	1,056
Trade financing	82,261	28,135	-	110,396
	108,062	19,999	98	128,159

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The Company's registered office is at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan. The Company's principal place of business is at Lot 1890, Jalan KPB 9, Kawasan Perindustrian Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 December 2018.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 3 to the financial statements.

2.3 Use of estimates and judgement

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

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

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

2. BASIS OF PREPARATION (CONTINUED)

2.5 Adoption of amendments/improvements to MFRSs

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

Amendments/Improvements to MFRSs	
MFRS 12	Disclosure of Interests in Other Entities
MFRS 107	Statement of Cash Flows
MFRS 112	Income Taxes

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

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

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

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018/ 1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*
MFRS 4	Insurance Contracts	1 January 2018
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

2. BASIS OF PREPARATION (CONTINUED)

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

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

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (Continued)		
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ 1 January 2019/ Deferred
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020*
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

* *Amendments to References to the Conceptual Framework in MFRS Standards*

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

2. BASIS OF PREPARATION (CONTINUED)

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

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

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

- MFRS 9 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.

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

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

2. BASIS OF PREPARATION (CONTINUED)

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

MFRS 15 Revenue from Contracts with Customers

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

(i) identify the contracts with a customer;

(ii) identify the performance obligation in the contract;

(iii) determine the transaction price;

(iv) allocate the transaction price to the performance obligations in the contract; and

(v) recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

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

MFRS 16 Leases

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

2. BASIS OF PREPARATION (CONTINUED)

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

Amendments to MFRS 9 Financial Instruments

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

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

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

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

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

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

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

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

2. BASIS OF PREPARATION (CONTINUED)

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

Amendments to References to the Conceptual Framework in MFRS Standards

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(i) Subsidiaries and business combination

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

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

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

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

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus

- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus

- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less

- the net fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.7(i).

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(i) Subsidiaries and business combination (Continued)

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

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

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

(ii) Non-controlling interests

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

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

(iii) Associates

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(iii) Associates (Continued)

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

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

(iv) Transactions eliminated on consolidation

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

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

3.2 Separate financial statements

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

3.3 Foreign currency transactions and operations

Translation of foreign currency transactions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments

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

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

(i) Subsequent measurement

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

(a) Financial assets

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

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

Held-to-maturity investments

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(i) Subsequent measurement (Continued)

The Group and the Company categorise the financial instruments as follows: (Continued)

(a) Financial assets (Continued)

Available-for-sale financial assets

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

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

Unquoted equity instruments carried at cost

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

(b) Financial liabilities

Financial liabilities at fair value through profit or loss

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

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

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

Other financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(ii) Financial guarantee contracts

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

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

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company itself purchase or sell an asset). Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(iv) Derecognition

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

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

(v) Offsetting of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment

(i) Recognition and measurement

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

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17.

Freehold land and buildings, leasehold land and buildings and low cost apartments are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on land and buildings and accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land and buildings, leasehold land and buildings and low cost apartments do not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

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

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

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

(ii) Subsequent costs

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment (Continued)

(iii) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Asset under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives
Freehold buildings	37 years
Leasehold land	52 years
Leasehold buildings	52 years
Low cost apartments	41 years
Fabrication yard	11% - 35%
Plant, machinery and equipment	10% - 20%
Motor vehicles	20%
Furniture, fittings and office equipment	10% - 30%
Renovations	10%
Container/Cabin	10% - 20%

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

(iv) Derecognition

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

3.6 Leases

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

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

(i) Lessee accounting

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

(i) Lessee accounting (Continued)

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

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

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

(ii) Lessor accounting

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

3.7 Goodwill and other intangible assets

(i) Goodwill

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

In respect of equity-accounted associates, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset.

(ii) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Goodwill and other intangible assets (Continued)

(ii) Other intangible assets (Continued)

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

3.8 Inventories

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

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

(i) Raw materials

Purchase costs on weighted average cost basis.

(ii) Finished goods and work-in-progress

Costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Construction contracts

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

The outcome of a construction contract can be estimated reliably when:

(i) total contract revenue can be measured reliably;

(ii) it is probable that the economic benefits associated with the contract will flow to the entity;

(iii) the costs to complete the contract and the stage of completion can be measured reliably;

(iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contact costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on the proportion of total contract costs incurred to date and the estimated costs to complete.

Construction work-in-progress is presented as part of the contract assets as amount due from contract customers in the statements of financial position for all contract in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers which is part of the contract liabilities in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Non-current assets or disposal group held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset or disposal group is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets or disposal group are measured at the lower of carrying amount and fair value less costs to sell.

Any impairment loss on the disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property that is measured at fair value, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets

(i) Impairment and uncollectibility of financial assets

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

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

Loans and receivables and held-to-maturity investments

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

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

Available-for-sale financial assets

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

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

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

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

Unquoted equity instruments carried at cost

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (Continued)

(ii) Impairment of non-financial assets

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Share capital

(i) Ordinary shares

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

(ii) Warrants

Warrants are classified as equity. The issue of ordinary shares upon exercise of the warrants are treated as new subscription of ordinary shares for the consideration equivalent to the warrants exercise price.

3.14 Employee benefits

(i) Short-term employee benefits

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

(ii) Post-employment benefits

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

3.15 Provisions

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

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is made. Revenue is measured at fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group concluded that it is acting as a principal in all of its revenue arrangement. The following specific recognition criteria must also be met before revenue is recognised:

(i) Construction contracts

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

(ii) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(iii) Rendering of services

Revenue from services rendered is recognised net of taxes and discounts as and when the services are performed.

(iv) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Dividend income

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

(vii) Management fee

Management fee is recognised on an accrual basis, net of taxes.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Borrowing costs

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

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

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

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

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

3.18 Income taxes

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

(i) Current tax

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

(ii) Deferred tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Income taxes (Continued)

(ii) Deferred tax (Continued)

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

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

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

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

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

(iii) Goods and services tax

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

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

- receivables and payables that are stated with the amount of GST included.

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Operating segments

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

3.20 Fair value measurements

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

There were no transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances.

3.21 Contingencies

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

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

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

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

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 Earnings per share

The Group present basic and diluted earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

4.1 Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated. In determining the value-in-use of a cash-generating unit, management estimates the discounted cash flows using reasonable and supportable inputs about sales, gross profit margin and other operating expenses based on past experience, current events and reasonably possible future developments. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 6.

4.2 Construction contract

Significant judgement is used in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contracts. The total contract revenue also includes an estimation of the work that are recoverable from the customers. In making judgements, the Group and the Company evaluate based on the past experience and work of specialists.

The carrying amounts of amount due from contract customers and amount due to contract customers are disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

4.3 Impairment of investment in associates

The Company assesses the carrying amount of its investment in associates at each reporting date whether there is an objective evidence that the investment may be impaired. Significant judgement is required in the estimation of the performance of the associates in dealing with the moratorium on bauxite mining and the ban of approved permit. Changes in the legislation could affect the results of the Company's tests for impairment of investment in associates.

The carrying amount of investment in associates are disclosed in Note 7 to the financial statements.

4.4 Profit guarantee receivables

The Company recognised profit guarantee arising from the shortfall between the agreed guaranteed amount and the actual profit after tax as defined in the respective share sale agreements entered into between the Company and the respective vendors. The directors made judgements over the events or circumstances indicating that receivables are impaired.

The carrying amount of profit guarantee receivables are disclosed in Note 10 to the financial statements.

4.5 Impairment of investment in subsidiaries

The Company assesses whether there is any indication that the cost of investment in subsidiaries is impaired at the end of each reporting date. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. In determining the value-in-use of the subsidiaries, management estimates the discounted cash flows using reasonable and supportable inputs about sales, gross profit margin and other operating expenses based on past experience, current events and reasonably possible future developments. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of investment in subsidiaries are disclosed in Note 8 to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Properties # RM'000	Plant, machinery and equipment RM'000	Cranes RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Renovations RM'000	Container/ Cabin RM'000	Asset under construction RM'000	Total RM'000
	← Cost →								
2018									
Cost/Valuation									
At 1 September 2017	43,630	56,826	48	26,480	3,532	927	448	9	131,900
Additions	770	1,873	-	945	223	-	23	-	3,834
Acquisition of subsidiaries	-	-	-	-	12	-	-	-	12
Disposal/written off	-	(28)	-	(570)	(24)	-	-	-	(622)
Transfer	-	48	(48)	-	-	-	-	-	-
At 31 August 2018	44,400	58,719	-	26,855	3,743	927	471	9	135,124
Accumulated depreciation									
At 1 September 2017	2,456	24,120	48	7,685	1,442	245	102	-	36,098
Depreciation charge for the financial year	1,845	4,335	-	5,455	651	97	48	-	12,431
Disposal/written off	-	(11)	-	(278)	(17)	-	-	-	(306)
Transfer	-	48	(48)	-	-	-	-	-	-
At 31 August 2018	4,301	28,492	-	12,862	2,076	342	150	-	48,223
Carrying amount									
At 31 August 2018	40,099	30,227	-	13,993	1,667	585	321	9	86,901

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Properties # RM'000	Plant, machinery and equipment RM'000	Cranes RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Renovations RM'000	Container/ Cabin RM'000	Asset under construction RM'000	Total RM'000
	← Cost →								
2017									
Cost/Valuation									
At 1 September 2016	41,284	44,388	48	19,548	4,586	1,683	235	21	111,793
Additions	2,226	13,028	-	8,358	1,017	242	213	95	25,179
Revaluation surplus	17,042	-	-	-	-	-	-	-	17,042
Disposal/written off	(5,266)	(133)	-	(496)	(897)	(38)	-	-	(6,830)
Elimination of accumulated depreciation on revaluation	(1,356)	-	-	-	-	-	-	-	(1,356)
Transfer	-	95	-	-	12	-	-	(107)	-
Transfer to disposal group held for sale	(10,300)	(552)	-	(930)	(1,186)	(960)	-	-	(13,928)
At 31 August 2017	43,630	56,826	48	26,480	3,532	927	448	9	131,900
Accumulated depreciation									
At 1 September 2016	2,862	20,880	48	3,795	2,009	325	61	-	29,980
Depreciation charge for the financial year	1,653	3,843	-	5,071	759	186	41	-	11,553
Disposal/written off	(178)	(78)	-	(494)	(741)	(10)	-	-	(1,501)
Elimination of accumulated depreciation on revaluation	(1,356)	-	-	-	-	-	-	-	(1,356)
Transfer to disposal group held for sale	(525)	(525)	-	(687)	(585)	(256)	-	-	(2,578)
At 31 August 2017	2,456	24,120	48	7,685	1,442	245	102	-	36,098
Carrying amount									
At 31 August 2017	41,174	32,706	-	18,795	2,090	682	346	9	95,802

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Properties consist of:

Group	Valuation					Cost	
	Freehold land RM'000	Freehold building RM'000	Leasehold land RM'000	Leasehold building RM'000	Low cost apartments RM'000	Fabrication yard RM'000	Total RM'000
2018							
Cost/Valuation							
At 1 September 2017	15,400	5,100	10,100	4,500	170	8,360	43,630
Additions	-	300	-	-	-	470	770
At 31 August 2018	15,400	5,400	10,100	4,500	170	8,830	44,400
Accumulated depreciation							
At 1 September 2017	-	-	-	-	-	2,456	2,456
Depreciation charge for the financial year	-	161	210	94	5	1,375	1,845
At 31 August 2018	-	161	210	94	5	3,831	4,301
Carrying amount							
At 31 August 2018	15,400	5,239	9,890	4,406	165	4,999	40,099

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Properties consist of:

	← Valuation →					← Cost →	
Group	Freehold land RM'000	Freehold building RM'000	Leasehold land RM'000	Leasehold buildings RM'000	Low cost apartments RM'000	Fabrication yard RM'000	Total RM'000
2017							
Cost/Valuation							
At 1 September 2016	13,800	8,234	7,581	5,385	150	6,134	41,284
Additions	-	-	-	-	-	2,226	2,226
Revaluation surplus	7,700	1,633	5,690	1,980	39	-	17,042
Disposal/written off	-	-	(2,681)	(2,585)	-	-	(5,266)
Elimination of accumulated depreciation on revaluation	-	(567)	(490)	(280)	(19)	-	(1,356)
Transfer to disposal group held for sale	(6,100)	(4,200)	-	-	-	-	(10,300)
At 31 August 2017	15,400	5,100	10,100	4,500	170	8,360	43,630
Accumulated depreciation							
At 1 September 2016	-	887	460	287	16	1,212	2,862
Depreciation charge for the financial year	-	205	121	80	3	1,244	1,653
Disposal/written off	-	-	(91)	(87)	-	-	(178)
Elimination of accumulated depreciation on revaluation	-	(567)	(490)	(280)	(19)	-	(1,356)
Transfer to disposal group held for sale	-	(525)	-	-	-	-	(525)
At 31 August 2017	-	-	-	-	-	2,456	2,456
Carrying amount							
At 31 August 2017	15,400	5,100	10,100	4,500	170	5,904	41,174

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Renovations RM'000	Total RM'000
2018				
Cost				
At 1 September 2017	987	223	24	1,234
Additions	78	158	-	236
Disposal	(331)	-	-	(331)
At 31 August 2018	734	381	24	1,139
Accumulated depreciation				
At 1 September 2017	425	31	1	457
Depreciation charge the financial year	169	33	2	204
Disposal	(143)	-	-	(143)
At 31 August 2018	451	64	3	518
Carrying amount				
At 31 August 2018	283	317	21	621
2017				
Cost				
At 1 September 2016	922	95	-	1,017
Additions	65	128	24	217
At 31 August 2017	987	223	24	1,234
Accumulated depreciation				
At 1 September 2016	231	15	-	246
Depreciation charge for the financial year	194	16	1	211
At 31 August 2017	425	31	1	457
Carrying amount				
At 31 August 2017	562	192	23	777

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Included in property, plant and equipment of the Group and of the Company are assets acquired under finance lease instalment plans with carrying amounts as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Plant and machinery	12,791	14,375	-	-
Motor vehicles	9,814	17,105	-	220
	22,605	31,480	-	220

The carrying amount of property, plant and equipment pledged to financial institutions for banking facilities granted to the Group as mentioned in Note 19 and are as follows:

	Group	
	2018 RM'000	2017 RM'000
Freehold land	15,400	15,400
Freehold building	5,239	5,100
Plant and machinery	5,852	6,598
	26,491	27,098

The freehold land and building, leasehold land and building and low cost apartments are stated at valuation based on an independent professional valuation performed by Messrs. Raine & Horne International Zaki + Partners Sdn Bhd using the market value basis in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Had the revalued freehold land and building, leasehold land and building and low cost apartments been carried at historical cost less accumulated depreciation, the carrying amount of each class of properties would have been as follows:

	Group	
	2018	2017
	RM'000	RM'000
Freehold land	2,806	2,806
Freehold building	2,020	1,780
Leasehold land	2,310	2,359
Leasehold building	2,290	2,338
Low cost apartments	97	100
	9,523	9,383

6. GOODWILL ON CONSOLIDATION

The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. The carrying amount of the goodwill is allocated to each of those companies (collectively known as cash generating units ("CGU")), which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

	Group	
	2018	2017
Goodwill	RM'000	RM'000
At 1 September	41,024	41,024
Less: Accumulated impairment losses	(25,124)	-
At 31 August	15,900	41,024

The carrying amounts of goodwill allocated to the CGUs are as follows:

	Group	
	2018	2017
	RM'000	RM'000
WZS BinaRaya Sdn Bhd ("CGU 1")	15,900	20,768
WZS Misi Setia Sdn Bhd ("CGU 2")	-	20,256
	15,900	41,024

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

6. GOODWILL ON CONSOLIDATION (CONTINUED)

During the financial year, the Group made an allowance for impairment loss on goodwill of RM25,124,443. The allowance was made after considering the measurable decrease in the estimated future cash flows noted in the subsidiaries. The recoverable amount of the goodwill as at 31 August 2018 has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by management covering three-year period. The impairment charge is recorded in the consolidated statement of profit or loss.

The pre-tax discount rate applied to the cash flow projections are as follows:

	CGU 1	CGU 2
Discount rate	34%	22%

Key assumptions used in the value-in-use calculations

The calculation of value-in-use for the CGUs are most sensitive to the following assumptions:

(i) The bases used to determine the future potential earning are historical revenue and the remaining book order.

(ii) Gross margin is the forecasted margin as a percentage of revenue over the three-year projection period. These are based on the average gross margin of the existing projects.

(iii) Long-term growth rate does not exceed the long-term average growth rates for the industries relevant to the CGU. Cash flows beyond the three-year projection period are extrapolated using zero long-term growth rate.

(iv) Discount rate was estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risks specific to the CGU at the date of assessment.

With regard to the assessment of value-in-use of the respective CGU, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to be materially below their carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

7. INVESTMENT IN ASSOCIATES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unquoted shares, at cost	6,860	3,360	6,860	3,360
Less: Accumulated impairment loss	-	-	(2,506)	(1,283)
Share of post-acquisition profit	6,925	25,227	-	-
	13,785	28,587	4,354	2,077

Details of the associates are as follows:

Name of Entities	Principal place of business/country of incorporation	Group's Ownership Interest 2018 %	Group's Ownership Interest 2017 %	Principal Activities
Held by the Company				
SE Satu Sdn Bhd # ^ ("SSSB")	Malaysia	49	49	Mining operations and activities
SE Satu Pelangi Sdn Bhd # ^ ("SSPSB")	Malaysia	30	30	Mining operations and activities
WZS Technologies Sdn Bhd ("WZST")	Malaysia	20	20	Engage in precision engineering
Held by SE Satu Sdn Bhd				
SE Sinaran Sdn Bhd # ^	Malaysia	39	39	Provision of port services

\# Audited by firms other than Messrs. Baker Tilly Monteiro Heng.

^ The financial year end of these associates is not coterminous with the Group. As such, for the purpose of applying equity method of accounting, the management financial statements of these associates for the financial period ended 31 August 2018 have been used.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

7. INVESTMENT IN ASSOCIATES (CONTINUED)

The summarised financial information of the Group's material associates, adjusted for any differences in accounting policies is as follows:

	WZST RM'000	SSSB RM'000	SSPSB RM'000	Total RM'000
At 31 August 2018				
Current assets	1,099	9,894	5,840	16,833
Non-current assets	10,038	34,461	-	44,499
Total assets	11,137	44,355	5,840	61,332
Current liabilities	4,185	7,110	3,507	14,802
Non-current liabilities	2,533	11,924	-	14,457
Total liabilities	6,718	19,034	3,507	29,259
Non-controlling interests	-	422	-	422
Year ended 31 August 2018				
Included in total comprehensive income is:				
Revenue	2,009	7,717	(1,481)	8,245
Expenses including finance costs and tax expense	(6,659)	(26,560)	(20,609)	(53,828)
Loss for the financial year	(4,650)	(18,843)	(22,090)	(45,583)
(Loss)/Profit attributable to:				
Owners of the company	(4,650)	(18,868)	(22,090)	(45,608)
Non-controlling interests	-	25	-	25
Loss for the financial year	(4,650)	(18,843)	(22,090)	(45,583)
Reconciliation of net assets to carrying amount				
Share of net assets at the acquisition date	3,097	3,470	293	6,860
Share of post-acquisition (loss)/profit	(2,213)	8,731	407	6,925
Carrying amount in statement of financial position	884	12,201	700	13,785
Group's share of results				
Group's share of loss	(930)	(9,245)	(6,627)	(16,802)
Group's share of other comprehensive income	-	-	-	-
Group's share of total comprehensive loss	(930)	(9,245)	(6,627)	(16,802)
Other information				
Dividend received by the Group	-	-	1,500	1,500

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

7. INVESTMENT IN ASSOCIATES (CONTINUED)

The summarised financial information of the Group's material associates, adjusted for any differences in accounting policies is as follows: (Continued)

	WZST RM'000	SSSB RM'000	SSPSB RM'000	Total RM'000
At 31 August 2017				
Current assets	1,950	27,004	34,054	63,008
Non-current assets	13,099	23,642	-	36,741
Total assets	15,049	50,646	34,054	99,749
Current liabilities	9,501	6,099	4,632	20,232
Non-current liabilities	3,978	4,464	-	8,442
Total liabilities	13,479	10,563	4,632	28,674
Non-controlling interests	-	398	-	398
Year ended 31 August 2017				
Included in total comprehensive income is:				
Revenue	2,411	69,550	94,621	166,582
Expenses including finance costs and tax expense	(7,481)	(67,551)	(78,449)	(153,481)
(Loss)/Profit for the financial year	(5,070)	1,999	16,172	13,101
(Loss)/Profit attributable to:				
Owners of the company	(5,070)	1,763	16,172	12,865
Non-controlling interests	-	236	-	236
(Loss)/Profit for the financial year	(5,070)	1,999	16,172	13,101
Reconciliation of net assets to carrying amount				
Share of net assets at the acquisition date	1,597	1,470	293	3,360
Share of post-acquisition (loss)/profit	(1,283)	17,976	8,534	25,227
Carrying amount in statement of financial position	314	19,446	8,827	28,587
Group's share of results				
Group's share of (loss)/profit	(1,014)	863	4,852	4,701
Group's share of other comprehensive income	-	-	-	-
Group's share of total comprehensive (loss)/income	(1,014)	863	4,852	4,701
Other information				
Dividend received by the Group	-	2,940	2,250	5,190

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

8. INVESTMENT IN SUBSIDIARIES

	Note	Company 2018 RM'000	2017 RM'000
Unquoted shares, at cost			
At 1 September		124,966	128,692
Additions		34,000	5,000
Transfer to assets of disposal group classified as held for sale	15	-	(8,726)
		158,966	124,966
Less: Accumulated impairment losses		(61,488)	(3,905)
At 31 August		97,478	121,061

(i) Details of the subsidiaries are as follows:

Name of Entities	Principal place of business/country of incorporation	Effective Ownership Interest/Voting Rights 2018 %	2017 %	Principal Activities
Direct subsidiaries				
WZS BinaRaya Sdn Bhd	Malaysia	100	100	Construction and civil engineering
WZS Misi Setia Sdn Bhd	Malaysia	100	100	Contractor, subcontractor and to carry on fabrication, assembly and testing works in oil & gas industries
WZS Industries Sdn Bhd	Malaysia	100	100	Manufacturing and processing of cold drawn bright steel products and related steel products
WZS Powergen Sdn Bhd	Malaysia	60	60	Engage in the provision of power generation and power solutions to oil and gas industry and power sector
WZS Logistics Sdn Bhd (Formerly known as WZS Bina Sdn Bhd)	Malaysia	100	100	Transportation agent, trading in sand and quarry products

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(i) Details of the subsidiaries are as follows: (Continued)

Name of Entities	Principal place of business/country of incorporation	Effective Ownership Interest/Voting Rights 2018 %	Effective Ownership Interest/Voting Rights 2017 %	Principal Activities
Direct subsidiaries				
WZS Geoassets Sdn Bhd	Malaysia	75	75	Trading in mineral resources
WZS Prisma Sdn Bhd	Malaysia	100	100	Civil engineering and other related works to construction
WZS Engineering Sdn Bhd	Malaysia	100	100	Dormant
WZ Satu Sysbuild Sdn Bhd	Malaysia	80	80	Dormant
WZS Land Sdn Bhd	Malaysia	100	100	Dormant
WZS Minerals Sdn Bhd	Malaysia	100	100	Dormant
WZS Capital Sdn Bhd	Malaysia	100	100	Dormant
Weng Zheng Trading Sdn Bhd	Malaysia	-	100	Dealers in steel products
Indirect subsidiaries				
WZS Niaga Sdn Bhd* (Formerly known as WZS KenKeong Trading Sdn Bhd)	Malaysia	100	100	Dormant
Cekap Semenanjung Sdn Bhd*	Malaysia	100	-	Dormant
Sinergi Dayang Sdn Bhd**	Malaysia	100	-	Turnkey contractor

* *Held indirectly through WZS BinaRaya Sdn Bhd*
** *Held indirectly through Cekap Semenanjung Sdn Bhd*

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(ii) Acquisition of subsidiaries

2018

Acquisition of Cekap Semenanjung Sdn Bhd

On 25 May 2018, WZS BinaRaya Sdn Bhd, a wholly owned subsidiary had completed the acquisition of 100% equity interest in Cekap Semenanjung Sdn Bhd ("CSSB") pursuant to Clause 4 of the conditional Share Sale Agreement dated 10 February 2017 for a total purchase consideration of RM7,000,000. CSSB is the beneficial owner of the entire ordinary equity interest in Sinergi Dayang Sdn Bhd.

The acquisition of Cekap Semenanjung Sdn Bhd and Sinergi Dayang Sdn Bhd are accounted for as a separate acquisition of assets.

(a) Purchase consideration

	2018 RM'000
Fair value consideration paid	7,000

(b) Fair value of the identifiable assets acquired and liabilities recognised:

	2018 RM'000
Assets	
Plant and equipment (Note 5)	12
Other receivables	1,486
Amount due from contract customers	35,011
Cash and bank balances	306
Total assets	36,815
Liabilities	
Trade and other payables	(51,998)
Tax payables	(60)
Total liabilities	(52,058)
Total identifiable net liabilities acquired	(15,243)

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(ii) Acquisition of subsidiaries (Continued)

(c) Effect of acquisition on cash flows:

Net cash outflow arising from acquisition of subsidiaries

	2018 RM'000
Fair value of consideration transferred	7,000
Less: Cash and cash equivalents of subsidiaries acquired	(306)
Net cash outflows on acquisition	6,694

(d) Effects of acquisition in the statement of profit or loss and other comprehensive income:

From the date of acquisition, the subsidiaries contributed revenue and loss after tax are as follows:

	2018 RM'000
Revenue	35,360
Loss for the financial year	(813)

If the acquisition had occurred on 1 September 2017, the consolidated results for the financial year ended 31 August 2018 would have been as follows:

	2018 RM'000
Revenue	35,360
Loss for the financial year	(912)

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(iii) Disposal of a subsidiary

2018

On 2 February 2018, the Company completed the disposal of the entire issued and paid-up share capital of Weng Zheng Trading Sdn Bhd ("WZ Trading"), comprising 2,000,000 ordinary shares for a cash consideration of RM22,800,000. WZ Trading ceased to be a subsidiary of the Group.

The effects of the disposal of the investment in subsidiaries on the financial position of the Group are as follows:

	WZ Trading RM'000
Assets	
Property, plant and equipment	11,187
Inventories	7,215
Trade and other receivables	13,072
Deposit	7
Prepayments	76
Tax recoverable	9
Cash and bank balances	1,222
	32,788
Liabilities	
Deferred tax liabilities	372
Trade and other payables	12,364
Borrowings	6,380
	19,116
Net assets	13,672
Corporate exercise expense on disposal of a subsidiary	430
Cash consideration	(22,800)
Gain on disposal of a subsidiary	(8,698)
Cash consideration	22,800
Less: Cash and cash equivalents of a subsidiary	(1,222)
Less: Corporate exercise expense on disposal of a subsidiary	(430)
Net cash inflows on disposal	21,148

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(iv) Additional investment in subsidiaries

2018

During the financial year, a subsidiary, WZS BinaRaya Sdn Bhd increased its issued and fully paid ordinary shares from 12,500,000 units to 46,500,000 units amounting to RM34,000,000 and was fully subscribed by the Company.

2017

During the previous financial year:

(a) a subsidiary, WZS BinaRaya Sdn Bhd increased its issued and fully paid ordinary shares from 10,500,000 units to 12,500,000 units amounting to RM2,000,000 and was fully subscribed by the Company;

(b) a subsidiary, WZS Misi Setia Sdn Bhd increased its issued and fully paid ordinary shares from 20,000,000 units to 22,000,000 units amounting to RM2,000,000 and was fully subscribed by the Company;

(c) a subsidiary, WZS Logistics Sdn Bhd (Formerly known as WZS Bina Sdn Bhd) increased its issued and fully paid ordinary shares from 3,500,000 units to 4,500,000 units amounting to RM1,000,000 and was fully subscribed by the Company; and

(d) the Company subscribed for additional 100,000 ordinary shares amounting to RM2 in WZS Geoassets Sdn Bhd. Further to the subscription of shares, the Company's effective ownership in WZS Geoassets Sdn Bhd increased from 65% to 75%.

9. CLUB MEMBERSHIPS

	Group	
	2018 RM'000	2017 RM'000
Club memberships, at cost	205	205

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current				
Other receivables				
Amount due from subsidiaries	-	-	55,676	-
Less: Allowance for impairment loss	-	-	(8,042)	-
Other receivables (non-current)	-	-	47,634	-
Current				
Trade receivables				
Trade receivables	85,360	90,977	-	-
Amount due from associate companies	1	3	-	-
Retention sum	29,512	23,670	-	-
	114,873	114,650	-	-
Less: Allowance for impairment loss - Trade receivables	(97)	(472)	-	-
Trade receivables, net	114,776	114,178	-	-
Other receivables				
Other receivables	33,316	33,915	24,316	6,885
Amount due from associate companies	1	5,151	1	5,069
Amount due from subsidiaries	-	-	-	5,531
Dividend receivable from subsidiaries	-	-	-	22,000
Deposits	2,659	17,548	9	15,119
	35,976	56,614	24,326	54,604
Less: Allowance for impairment loss - Other receivables	(4,000)	-	(4,000)	-
Other receivables, net	31,976	56,614	20,326	54,604
Trade and other receivables (current)	146,752	170,792	20,326	54,604
Total trade and other receivables (non-current and current)	146,752	170,792	67,960	54,604

Included in other receivables of the Group and of the Company is an amount owing by the purchaser of Weng Zheng Trading Sdn Bhd of RM12,312,000 (2017: RM nil).

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

As part of the terms and conditions stated in the Share Sale Agreement ("SSA") on the acquisition of WZS Misi Setia Sdn Bhd, the respective vendors had irrevocably and unconditionally guarantee to the Company that the subsidiary will be able to meet the guarantee amount as specified in the SSA. In the event that the guarantee amount are not met, the Company is able to recover the shortfall pursuant to the SSA. As at date of maturity of the guarantee period, the profit guarantee conditions have not been met. Therefore, a profit guarantee amount of RM12,000,000 are recognised as profit guarantee compensation during the financial year. The director have assessed for impairment of the amount due from the vendors.

Included in other receivables of the Group and of the Company is GST refundable amounted to RM3,304,779 and Nil respectively (2017: RM924,977 and RM103,784).

In previous financial year, included in other receivables of the Group and of the Company was an amount owing by a former subsidiary company, Weng Zheng Marketing Sdn Bhd ("WZ Marketing") of RM6,535,398 now fully settled.

In previous financial year, included in the deposits of the Group and of the Company was an amount of RM15,000,000 representing the refundable security deposit for the proposed acquisition of 500,000 ordinary shares in Cekap Semenanjung Sdn Bhd as further disclosed in Note 35. Also in previous financial year, included in the other receivables of the Group was an amount advances to subsidiary of Cekap Semenanjung Sdn Bhd amounted to RM10,068,044.

Trade receivables are non-interest bearing and are generally on 14 to 120 (2017: 30 to 120) days terms. They are recognised at their original amounts which represent their fair values on initial recognition.

The amount due from subsidiaries are unsecured, bear interest at rate of 6.96% (2017: 6.85%) per annum.

The trade receivables of the Group in the foreign currencies are as follows:

	Group	
	2018 RM'000	2017 RM'000
United States Dollar	43	508
Pound Sterling	9	-

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Analysis of trade receivables

The Group only maintains an ageing analysis in respect of trade receivables.

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

	Group	
	2018 RM'000	2017 RM'000
Neither past due nor impaired	77,264	79,209
1 - 30 days past due not impaired	23,373	18,463
31 - 60 days past due not impaired	2,997	2,363
61 - 90 days past due not impaired	1,312	3,015
More than 90 days past due not impaired	9,830	11,128
	37,512	34,969
Impaired	97	472
	114,873	114,650

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Most of the Group's trade receivables arise from long standing customers with the Group.

Included in trade receivables of the Group are amounts totalling RM50,230,858 (2017: RM28,252,836) due from 2 (2017: 1) of its significant receivables.

Receivables that are past due but not impaired

The Group has not made any allowance for impairment for receivables that are past due but not impaired as there has not been a significant change in the credit quality of these receivables and the amounts due are still recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The Group has policies in place to ensure that credit is extended only to customers with acceptable credit history and payment track records. Allowances for impairment are made on specific trade receivables when there is objective evidence that the Group will not be able to collect the amounts due.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables that are impaired

The Group's trade and other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired			
	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade receivables				
Nominal amounts	97	472	-	-
Less: Accumulated impairment loss	(97)	(472)	-	-
	-	-	-	-
Other receivables				
Nominal amounts	12,000	-	12,000	-
Less: Accumulated impairment loss	(4,000)	-	(4,000)	-
	8,000	-	8,000	-
Amount due from subsidiaries				
Nominal amounts	-	-	12,917	-
Less: Accumulated impairment loss	-	-	(8,042)	-
	-	-	4,875	-

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in allowance accounts:

	Group	
	2018 RM'000	2017 RM'000
Trade receivables		
At 1 September	472	2,951
Impairment loss on trade receivables	33	68
Reversal of impairment loss	(10)	(332)
Written off	(398)	(7)
Reclassified to disposal group classified as held for sale	-	(2,208)
At 31 August	97	472

	Group and Company	
	2018 RM'000	2017 RM'000
Other receivables		
At 1 September	-	-
Impairment loss on other receivables	4,000	-
At 31 August	4,000	-

	Company	
	2018 RM'000	2017 RM'000
Amount due from subsidiaries		
At 1 September	-	-
Impairment loss on amount due from subsidiaries	8,042	-
At 31 August	8,042	-

Trade and other receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. Trade receivables and amount due from subsidiaries are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

11. INVENTORIES

	Group	
	2018 RM'000	2017 RM'000
At cost		
Raw materials	13,406	11,463
Work-in-progress	108	21
Finished goods	18,775	16,957
	32,289	28,441
At net realisable value		
Finished goods	260	235
	32,549	28,676

The cost of inventories of the Group recognised as expense in cost of sales during the financial year was RM72,109,943 (2017: RM90,852,007).

The cost of inventories of the Group recognised as expense in cost of sales during the financial year in respect of write-down of inventories to net realisable value was RM97,919 (2017: RM263,233).

12. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	Group	
	2018 RM'000	2017 RM'000
Aggregate of costs incurred to date	1,068,554	883,023
Attributable profits	96,006	181,499
	1,164,560	1,064,522
Recognised losses on contract with customers	(1,956)	(244)
Progress billings	(1,022,034)	(965,620)
	140,570	98,658
Represented by:		
Amount due from contract customers	152,523	108,682
Amount due to contract customers	(11,953)	(10,024)
	140,570	98,658

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

13. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Group 2018		Group 2017	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Derivatives used for hedging:				
Forward foreign contract exchange contracts				
- buy contracts	3	-	9	(27)

Forward exchange contracts are used to manage the foreign exchange currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currencies of the Group. Most of the foreign exchange contracts have maturities of less than one year after the end of the reporting period. When necessary, the forward contracts are rolled over at maturity. The notional principal amounts of the Group's outstanding forward foreign exchange contracts were RM87,722 (2017: RM4,103,084).

14. SHORT TERM DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash on hand and at banks	66,623	90,637	42,455	73,202
Less: Bank overdrafts (Note 19)	(13,573)	(14,265)	-	-
Cash and cash equivalents	53,050	76,372	42,455	73,202

The foreign currency exposure profile of cash and bank balances are as follows:

	Group	
	2018 RM'000	2017 RM'000
United States Dollar	803	754

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

15. ASSETS/(LIABILITIES) OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

2017

On 22 August 2017, the Company entered into Share Sale Agreement ("SSA") to dispose of its subsidiary, Weng Zheng Trading Sdn Bhd ("WZ Trading").

The disposal of WZ Trading was completed during the financial year as condition precedent as stated in the SSA has been met. The financial impact of the disposal of WZ Trading are disclosed in Note 8(iii) of the financial statements.

The major classes of assets and liabilities of WZ Trading in the previous financial year ended 31 August 2017 were as follows:

	Group 2017 RM'000
Assets	
Property, plant and equipment	11,350
Inventories	4,744
Trade and other receivables	9,754
Prepayment	62
Tax recoverable	229
Cash and bank balances	139
Assets of disposal group classified as held for sale	26,278
Liabilities	
Deferred tax liabilities	375
Trade and other payables	6,868
Short term borrowings	8,692
Liabilities of disposal group classified as held for sale	15,935

The asset classified as held for sale on the Company's statement of financial position as at 31 August 2017 was as follows:

	Company 2017 RM'000
Asset	
Investment in a subsidiary	8,726

The following items have been charged/(credited) in arriving at loss before taxation:

	Group 2018 RM'000
Depreciation of property, plant and equipment	171
Reversal of impairment loss on receivables	(51)

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

16. SHARE CAPITAL

	Group and Company			
	2018	2017	2018	2017
	Number of shares		Amount	
	Units('000)	Units('000)	RM'000	RM'000
Issued and fully paid:				
At 1 September	348,874	335,867	231,660	167,934
Issuance of ordinary shares pursuant to:				
- Bonus issue	116,291	-	-	-
- Exercise of warrants	-	13,007	-	6,504
- Transition to no-par value regime on 31 January 2017 under the Companies Act 2016	-	-	-	57,222
At 31 August - ordinary shares with no par value	465,165	348,874	231,660	231,660

During the financial year, the total number of issued shares of the Company increased from 348,874,195 units to 465,165,197 units by way of the issuance of 116,291,002 new ordinary shares on the basis of one (1) bonus share for every three (3) existing ordinary shares held.

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

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Warrants

The Warrants issued on 29 October 2014 are constituted under a Deed Poll dated 9 October 2014 executed by the Company. The Warrants are listed on the Bursa Malaysia Securities Berhad.

The movement of Warrants during the financial year ended 31 August 2018 are stated as below:

	← Number of Warrants ('000) →		
	At 1.9.2017	Bonus Issue	At 31.8.2018
Warrants	98,581	32,860	131,441

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

16. SHARE CAPITAL (CONTINUED)

Warrants (Continued)

The salient features of the Warrants are as follows:

(i) Each Warrant entitles the registered holder/(s) at any time prior to 28 October 2024 to subscribe for one (1) new ordinary share at RM0.50 each. The Warrants entitlement is subject to adjustments under the terms and conditions as set out in the Deed Poll dated 9 October 2014;

(ii) The exercise period is ten (10) years from the date of issuance until the maturity date. Upon the expiry of the exercise period, any unexercised rights will lapse and cease to be valid for any purposes;

(iii) The holders of the Warrants are not entitled to vote in any general meetings or to participate in any dividends, rights, allotment and/or other forms of distribution other than on winding-up, compromise or arrangement of the Company unless and until the holders of the Warrants become a shareholder of the Company by exercising his Warrants into new shares or unless otherwise resolved by the Company in general meeting; and

(iv) Pursuant to the issuance of bonus shares on the basis of one (1) bonus share for every three (3) existing shares held by shareholders whose name appeared in the record of depositors on 16 May 2018, a total of 32,860,154 additional warrants were issued arising from the adjustment made in relation to the bonus issue and the exercise price of the outstanding warrants were revised from RM0.50 to RM0.38. This is in accordance to the Deed Poll dated 9 October 2014 and Notice to Warrant Holders dated 21 May 2018.

17. RESERVES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revaluation reserve	17,511	19,307	-	-
(Accumulated losses)/Retained earnings	(14,294)	80,707	(20,761)	20,297
	3,217	100,014	(20,761)	20,297

Revaluation reserve

The revaluation reserve represents increases in the fair value of freehold land and building, leasehold land and building and low cost apartments, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

18. DEFERRED TAX ASSETS/(LIABILITIES)

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

Group	At 1 September RM'000	Recognised in profit or loss RM'000	Recognised in equity RM'000	Recognised in other comprehensive income RM'000	Reclassified to liabilities held for sale RM'000	Disposal of a subsidiary RM'000	At 31 August RM'000
2018							
Deferred tax liabilities:							
Temporary differences between net carrying amounts and the corresponding tax written down values of property, plant and equipment	(2,426)	1,101	-	-	-	(2)	(1,327)
Revaluation on property	(3,820)	288	(213)	-	-	-	(3,745)
Other temporary differences	280	(44)	-	-	-	-	236
	(5,966)	1,345	(213)	-	-	(2)	(4,836)
2017							
Deferred tax liabilities:							
Temporary differences between net carrying amounts and the corresponding tax written down values of property, plant and equipment	(2,357)	(204)	-	-	135	-	(2,426)
Revaluation on property	(1,378)	(164)	109	(2,627)	240	-	(3,820)
Unabsorbed reinvestment allowance	1,234	(1,234)	-	-	-	-	-
Other temporary differences	16	264	-	-	-	-	280
	(2,485)	(1,338)	109	(2,627)	375	-	(5,966)
Deferred tax assets:							
Temporary differences between net carrying amounts and the corresponding tax written down values of property, plant and equipment	(149)	149	-	-	-	-	-
Other deductible differences	360	(360)	-	-	-	-	-
	211	(211)	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

Deferred tax assets/(liabilities) relate to the following: (Continued)

	Company	
	2018 RM'000	2017 RM'000
Property, plant and equipment		
At 1 September	(17)	-
Recognised in profit or loss	-	(17)
At 31 August	(17)	(17)

The estimated amounts of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group	
	2018 RM'000	2017 RM'000
Deductible temporary differences	10,580	2,816
Unutilised tax losses	57,262	2,127
	67,842	4,943
Potential deferred tax assets not recognised at 24%	16,282	1,186

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

19. BORROWINGS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current				
Secured				
Finance lease liabilities	6,124	6,402	-	104
Floating rate bank loan	1,056	1,820	-	-
Trade financing	3,001	2,072	-	-
Unsecured				
Bank overdrafts	13,573	14,265	-	-
Trade financing	107,395	80,189	-	-
	131,149	104,748	-	104
Non-current				
Secured				
Finance lease liabilities	10,583	16,663	-	44
Floating rate bank loan	-	916	-	-
	10,583	17,579	-	44
Total borrowings	141,732	122,327	-	148

Breach of loan covenants

During the financial year, some of the borrowings in one of the Company's subsidiary are subject to covenant clauses, whereby the subsidiary is required to meet certain key financial ratios. The subsidiary did not fulfil the terms and condition as stated in the bank offer letter.

The bank had not requested early repayment of the loan as of the date when these financial statements were approved by the Board of Directors. Management is in the process of renegotiating the terms of the loan agreement with the bank and expects that a revised loan agreement will be in place in second quarter of 2019.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

19. BORROWINGS (CONTINUED)

(i) Finance lease liabilities

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Minimum lease payment:				
Within one year	6,914	7,573	-	107
Later than one year but not later than five years	11,191	18,043	-	45
	18,105	25,616	-	152
Future interest charge	(1,398)	(2,551)	-	(4)
Present value of minimum lease payment	16,707	23,065	-	148
Represented by:				
Current				
- On demand and within one year	6,124	6,402	-	104
Non-current				
- Later than one year but not later than five years	10,583	16,663	-	44
	16,707	23,065	-	148

The effective interest rate ranges from 4.53% to 7.03% (2017: 3.22% to 7.03%) per annum. Interest rates are fixed at the inception of the finance lease arrangements.

The finance lease liabilities are effectively secured on the rights of the assets under finance lease.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

19. BORROWINGS (CONTINUED)

(ii) Borrowings

The remaining maturities of the borrowings (excluding finance lease liabilities) as at 31 August 2018 are as follows:

	Group	
	2018 RM'000	2017 RM'000
On demand and within one year	125,025	98,346
Later than one year but not later than two years	-	916
	125,025	99,262

Floating rate bank loan of a subsidiary of RM1,055,832 (2017: RM2,735,832) bear interest at 5.5% (2017: 5.5%) per annum and is repayable by monthly instalments of RM140,000 and interest shall be calculated monthly and repaid in arrears over 5 years commencing from first day of the month following the month of full drawdown of the loan or the expiry of the availability period, whichever is earlier.

The borrowings of the Group are secured by:

(a) Legal charges over the freehold land and building of a subsidiary as mentioned in Note 5; and

(b) Corporate guarantee given by the Company.

Effective interest rates per annum:

	Group	
	2018 %	2017 %
Floating rate bank loan	5.50	5.50
Bank overdrafts	7.30 to 8.25	7.30 to 8.00
Trade financing	4.22 to 8.50	4.20 to 8.25

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade payables				
Trade payables	95,226	60,413	-	-
Retention sums	15,807	12,685	-	-
Accrued costs	12,028	18,383	-	-
Total trade payables	123,061	91,481	-	-
Other payables				
Accruals	2,093	2,107	36	22
Other payables	2,283	8,304	150	6,526
Amount due to subsidiaries	-	-	1,896	1,977
Advance payment from contract customers	789	6,326	-	-
Total other payables	5,165	16,737	2,082	8,525
Total trade and other payables	128,226	108,218	2,082	8,525

The trade and other payables are non-interest bearing and are normally settled on 30 to 120 (2017: 30 to 120) days terms.

The amounts due to subsidiaries are unsecured, interest free (2017: bear interest at rate of 6.85% per annum), repayable upon demand and are expected to be settled in cash.

The advance payment received from contract customers which are unsecured and interest free.

The foreign currency exposure profile of trade payables are as follows:

	Group	
	2018 RM'000	2017 RM'000
United States Dollar	3,750	3,128
Singapore Dollar	-	496
Euro	1	534
New Taiwan Dollar	33	9
Japanese Yen	9	-

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

21. PROVISION FOR LIABILITIES

	Group	
	2018 RM'000	2017 RM'000
At 1 September	24	24
Reversal during the year	(24)	-
At 31 August	-	24

Provision for liquidated and ascertained damages is recognised in respect of the delayed projects undertaken by a subsidiary. The provision has been recognised for the expected liquidated ascertained damages claims based on the applicable terms and conditions stated in the purchase order.

22. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Construction revenue	397,800	415,966	-	-
Sale of goods	108,454	139,521	-	-
Services rendered	6,188	4,641	-	-
Dividend income				
- Subsidiaries	-	-	12,000	29,500
- Associates	-	-	1,500	5,190
Others	175	320	45	55
	512,617	560,448	13,545	34,745

23. COST OF SALES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Construction costs	402,819	352,256	-	-
Cost of goods sold	86,305	112,587	-	-
Services rendered	7,140	3,570	-	-
	496,264	468,413	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

24. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expense on:				
- Finance lease liabilities	1,263	1,494	2	15
- Trade financing	6,615	5,613	-	-
- Term loan	98	186	-	-
- Bank overdrafts	1,315	450	-	-
- Loan from a subsidiary	-	-	-	170
	9,291	7,743	2	185

25. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation has been arrived at:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
This is stated after charging:				
Auditors' remuneration				
- current year	226	209	43	40
- over provision in prior year	(11)	(8)	(10)	-
Bad debts written off	303	11	-	-
Depreciation of property, plant and equipment	12,431	11,553	204	211
Directors' emoluments	3,219	4,254	939	1,163
Directors' fees	489	432	465	408
Impairment loss on goodwill	25,124	-	-	-
Impairment loss on investment in associates	-	-	1,223	1,283
Impairment loss on investment in subsidiaries	-	-	57,583	3,905
Impairment loss on receivables	4,033	68	12,042	-
Loss on disposal of property plant and equipment	-	-	23	-
Loss on foreign exchange				
- unrealised	13	-	-	-
Net fair value loss on derivatives	-	40	-	-
Property, plant and equipment written off	70	130	-	-
Rental of heavy machineries	16,459	20,642	-	-
Rental of land	1,695	1,683	-	-
Rental of motor vehicles	382	305	-	-
Rental of office equipment	207	161	-	-
Rental of premises	1,007	856	49	-
Rental of store	63	18	-	-
Rental of others	168	-	-	-
Staff costs (excluding directors)	67,374	61,097	2,271	2,294

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

25. (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

(Loss)/Profit before taxation has been arrived at: (Continued)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
And crediting:				
Gain on disposal of property, plant and equipment	3	3,553	-	-
Gain on disposal of a subsidiary	8,698	-	13,644	-
Gain on foreign exchange				
- realised	81	955	-	-
- unrealised	-	465	-	-
Interest income				
- subsidiary companies	-	-	3,276	1,061
- others	1,531	2,663	1,188	2,045
Net fair value gain on derivatives	21	-	-	-
Net gain on financial asset measured at amortised cost	25	2,464	-	419
Profit guarantee compensation	12,000	-	12,000	-
Rental income from				
- factory/office	56	204	-	-
- others	16	169	-	-
Reversal of impairment loss on receivables	10	332	-	-
Reversal of provision of liabilities	24	-	-	-
Staff costs (excluding directors)				
Salaries and wages	47,019	46,746	1,976	1,971
Contributions to defined contribution plans	5,112	5,133	239	239
Social security contribution	429	441	13	13
Other benefits	14,814	8,777	43	71
	67,374	61,097	2,271	2,294

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

26. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive:				
- Salaries and other emoluments	2,852	3,759	827	1,008
- Defined contribution plans	313	461	58	121
Total Executive Directors' remuneration	3,165	4,220	885	1,129
Non-Executive:				
- Fees	489	432	465	408
- Other emoluments	54	34	54	34
Total Non-Executive Directors' remuneration	543	466	519	442
Total Directors' remuneration	3,708	4,686	1,404	1,571

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM49,600 (2017: RM44,263) and RM43,000 (2017: RM19,056) respectively.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

27. TAXATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Malaysian income tax expense:				
- current year	2,353	5,284	830	500
- (over)/under provision in prior years	(191)	178	129	285
	2,162	5,462	959	785
Deferred taxation (Note 18):				
- current year	(276)	1,808	-	(4)
- (over)/under provision in prior years	(1,069)	(259)	-	21
	(1,345)	1,549	-	17
Real property gain tax:				
- current year	-	165	-	-
- over provision in prior year	(4)	-	-	-
	(4)	165	-	-
Income tax expense recognised in profit or loss	813	7,176	959	802

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(Loss)/Profit before taxation	(89,181)	32,682	(33,122)	27,529
Tax at applicable tax rate of 24%	(21,403)	7,844	(7,949)	6,607
Tax effects arising from:				
- Crystallisation of deferred tax liabilities arising from revaluation	(75)	(25)	-	-
- Deferred tax assets not recognised	15,096	624	-	-
- Effects of tax incentive - reinvestment allowances	(189)	(405)	-	-
- Non-deductible expenses	9,554	1,773	18,174	2,318
- Non-taxable income	(4,938)	(1,213)	(9,395)	(8,429)
- Real property gain tax	-	165	-	-
- Share of results in associates	4,032	(1,128)	-	-
- Tax saving on reduction on income tax rate	-	(161)	-	-
- (Over)/under provision in prior years				
- income tax expense	(191)	178	129	285
- deferred tax	(1,069)	(259)	-	21
- real property gain tax	(4)	-	-	-
- Utilisation of deferred tax assets previously not recognised	-	(217)	-	-
Tax expense for the financial year	813	7,176	959	802

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

28. (LOSS)/EARNINGS PER SHARE

Basic (Loss)/Earnings Per Share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year:

	Group	
	2018 RM'000	2017 RM'000 (Restated)
Basic		
(Loss)/Profit attributable to owners of the Company	(89,607)	25,408
Weighted average number of ordinary shares for basic earnings per share (units)	465,165	463,793
Basic (loss)/earnings per ordinary share (sen)	(19.26)	5.48

Diluted Earnings Per Share

Diluted earnings per share is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of shares outstanding during the financial year plus outstanding warrants assumed converted to ordinary shares at no consideration.

	Group	
	2018 RM'000	2017 RM'000 (Restated)
Diluted		
(Loss)/Profit attributable to owners of the Company	(89,607)	25,408
Weighted average number of ordinary shares for basic earnings per share (units)	465,165	463,793
Effect from dilution from Warrants	61,092	74,046
	526,257	537,839
Diluted earnings per ordinary share (sen)	(19.26)*	4.72

* Diluted loss per share for 31 August 2018 is the same with basic loss per ordinary share as the effect is anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

29. DIVIDENDS

Final dividend of 2 sen per ordinary share in respect of the financial year ended 31 August 2017 as reported in that year, was paid on 1 March 2018.

30. RELATED PARTIES

(i) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(a) subsidiaries;

(b) associates;

(c) joint operations;

(d) related companies in which directors have substantial financial interest; and

(e) key management personnel of the Group's, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

30. RELATED PARTIES (CONTINUED)

(ii) Significant related party transactions

The significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Associates				
- Purchases	-	(1,555)	-	-
- Dividend income	-	-	1,500	5,190
- Interest income	51	288	51	288
- Management fees	12	12	12	12
Company in which certain directors have substantial interests				
- Sales	10	-	-	-
- Purchases	(9)	-	-	-
- Rental income	15	106	-	-
- Rental expenses	(725)	(396)	(30)	-
Subsidiaries				
- Management fees	-	-	33	43
- Interest income	-	-	3,276	1,061
- Dividend income	-	-	12,000	29,500
- Interest expenses	-	-	-	(170)

The management fees were charged based on recovery of costs incurred on behalf of the subsidiaries and associates.

(iii) Compensation of key management personnel

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Short-term employee benefits	6,778	6,984	1,934	2,180
Post-employment employee benefits	709	763	123	203
	7,487	7,747	2,057	2,383

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

31. FINANCIAL INSTRUMENTS

(i) Categories of financial instruments

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

(a) Loans and receivables ("L&R")

(b) Fair value through profit or loss ("FVTPL")
- Derivative used for hedging

(c) Other financial liabilities ("FL")

	Carrying Amount RM'000	L&R/ FL RM'000	Derivatives Used For Hedging RM'000
Group			
At 31 August 2018			
Financial assets			
Trade and other receivables*	143,447	143,447	-
Amount due from contract customers	152,523	152,523	-
Derivative financial assets	3	-	3
Short term deposits, cash and bank balances	66,623	66,623	-
	362,596	362,593	3
Financial liabilities			
Trade and other payables	127,437	127,437	-
Borrowings	141,732	141,732	-
	269,169	269,169	-
At 31 August 2017			
Financial assets			
Trade and other receivables*	169,867	169,867	-
Amount due from contract customers	108,682	108,682	-
Derivative financial assets	9	-	9
Short term deposits, cash and bank balances	90,637	90,637	-
	369,195	369,186	9
Financial liabilities			
Trade and other payables*	101,516	101,516	-
Borrowings	122,327	122,327	-
Derivative financial liabilities	27	-	27
	223,870	223,843	27

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

31. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Categories of financial instruments (Continued)

	Carrying Amount RM'000	L&R/ FL RM'000	Derivatives Used For Hedging RM'000
Company			
At 31 August 2018			
Financial assets			
Trade and other receivables	67,960	67,960	-
Short term deposits, cash and bank balances	42,455	42,455	-
	110,415	110,415	-
Financial liabilities			
Trade and other payables	2,082	2,082	-
At 31 August 2017			
Financial assets			
Trade and other receivables*	54,500	54,500	-
Short term deposits, cash and bank balances	73,202	73,202	-
	127,702	127,702	-
Financial liabilities			
Trade and other payables	8,525	8,525	-
Borrowings	148	148	-
	8,673	8,673	-

* GST excluded.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

31. FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Fair value of financial instruments

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

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

There has been no transfer between Level 1 and Level 2 during the financial year (2017: no transfer in either direction).

Other than those carrying amounts with reasonable approximation of fair value, the fair value of other financial assets and liabilities together with the carrying amount shown in the statements of financial position are as follows:

	2018		2017	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Group				
Derivative financial assets/(liabilities)	3	3	(18)	(18)
Finance lease liabilities	16,707	16,094	23,065	22,426
Company				
Finance lease liabilities	-	-	148	144

The fair values of finance lease liabilities are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of derivative financial (liabilities)/asset of the Group and of the Company are categorised as Level 1.

The fair value of finance lease liabilities of the Group and of the Company are categorised as Level 2.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

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

(i) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position. It will affect the Group's income or the value of its holdings of financial instruments.

The Group's exposures to interest rate risk for changes in interest rates mainly arise from its short term borrowings and term loans with floating interest rate. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

Sensitivity analysis for interest rate risk

At the end of the financial year, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit after tax would have been RM312,563 (2017: RM248,155) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(ii) Foreign currency risk

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

Based on carrying amounts as at the end of the financial year, the material foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below:

At 31 August 2018	United States Dollar RM'000	New Taiwan Dollar RM'000	Japanese Yen RM'000
Trade receivables	43	-	-
Cash and bank balances	803	-	-
Trade payables	(3,750)	(33)	(9)
Net exposure	(2,904)	(33)	(9)

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Foreign currency risk (Continued)

At 31 August 2017	United States Dollar RM'000	Singapore Dollar RM'000	Euro RM'000
Trade receivables	508	-	-
Cash and bank balances	754	-	-
Trade payables	(3,128)	(496)	(534)
Net exposure	(1,866)	(496)	(534)

Sensitivity analysis for foreign currency risk

The following demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the United States Dollar, Singapore Dollar and New Taiwan Dollar against the Ringgit Malaysia, with all other variables held constant.

		2018 RM'000	2017 RM'000
United States Dollar/RM	- strengthened 5%	(145)	(93)
	- weakened 5%	145	93
Singapore Dollar/RM	- strengthened 5%	-	(25)
	- weakened 5%	-	25
New Taiwan Dollar/RM	- strengthened 5%	(2)	-
	- weakened 5%	2	-

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Liquidity risk

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

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligation as follows:

Group	Carrying amount RM'000	Contractual cashflows RM'000	On demand or less than 1 year RM'000	More than 1 year but not later than 5 years RM'000
At 31 August 2018				
Trade and other payables	127,437	127,437	127,437	-
Finance lease liabilities	16,707	18,105	6,914	11,191
Floating rate bank loan	1,056	1,078	1,078	-
Short term borrowings	123,969	132,006	132,006	-
Financial guarantee	-	2,038	2,038	-
	269,169	280,664	269,473	11,191
At 31 August 2017				
Trade and other payables*	101,516	101,516	101,516	-
Derivative financial liabilities	27	27	27	-
Finance lease liabilities	23,065	25,616	7,573	18,043
Floating rate bank loan	2,736	2,858	1,926	932
Short term borrowings	96,526	101,248	101,248	-
Financial guarantee	-	4,103	4,103	-
	223,870	235,368	216,393	18,975

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Liquidity risk (Continued)

Maturity analysis (Continued)

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

Company	Carrying amount RM'000	Contractual cashflows RM'000	On demand or less than 1 year RM'000	More than 1 year but not later than 5 years RM'000
At 31 August 2018				
Trade and other payables	2,082	2,082	2,082	-
Financial guarantee	-	143,135	143,135	-
	2,082	145,217	145,217	-
At 31 August 2017				
Trade and other payables	8,525	8,525	8,525	-
Finance lease liabilities	148	152	107	45
Financial guarantee	-	117,607	117,607	-
	8,673	126,284	126,239	45

* GST excluded.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Credit risk

Trade and other receivables

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

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

The Group and the Company use ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 10. Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. A significant portion of these trade receivables are regular customers that have been transacting with the Group and the Company. Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. Impairment are made on specific receivables when there is objective evidence that the Group and the Company will not be able to collect all amounts due.

The Group and the Company monitor the results of the subsidiaries and associate companies in determining the recoverability of these intercompany balances.

Financial guarantee

The Group and the Company are exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Group and the Company monitors the results of the subsidiaries and associates for their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM2,038,087 (2017: RM4,102,669) and RM143,135,402 (2017: RM117,607,046) representing the maximum amount the Group and the Company could pay if the guarantee is called on as disclosed in Note 36.

The financial guarantee has not been recognised since the fair value on initial recognition was not material.

Credit risk concentration profile

The information on credit risk concentration is disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

33. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial year ended 31 August 2018 and 31 August 2017.

The debt-to-equity ratios at 31 August 2018 and 31 August 2017 are as follows:

	Group	
	2018 RM'000	2017 RM'000
Total loans and borrowings	141,732	122,327
Less : Cash and bank balances	(66,623)	(90,637)
Net debt	75,109	31,690
Total equity	235,977	333,161
Debt-to-equity ratio	0.32	0.10

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

34. SEGMENTAL REPORTING

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Executive Officer for the purpose of making decisions about resource allocation and performance assessment.

The four reportable operating segments are as follows:

Segments	Products and services
Civil engineering and construction contracts	Securing and carrying out construction contracts
Oil and gas	Contractor, sub-contractor, carry on fabrication & assembly and testing works, trading and after service of products for oil and gas industries
Manufacturing	Manufacturing of steel products
Investment	Investment holding

Other non-reportable segments comprise mineral resources business and power generation business which are below the quantitative thresholds for determining operating segments.

The 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.

Segment profit

Segment performance is used to measure performance as the Group's Chief Executive Officer believes that such information is the most relevant in the evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets and liabilities

The total of segment assets and liabilities is measured based on all assets and liabilities (excluding investment in associates) of a segment, as included in the internal reports that are reviewed by the Group's Chief Executive Officer.

34. SEGMENTAL REPORTING (CONTINUED)

(i) Operating Segment

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other segment information by business segments:

2018

	Note	Civil engineering and construction RM'000	Oil & gas RM'000	Manufacturing RM'000	Investment RM'000	Others RM'000	Adjustments and elimination RM'000	Consolidation RM'000
Revenue								
External sales		281,049	145,042	64,241	12	22,273	-	512,617
Inter-segment sales	A	-	1,008	-	13,533	4,964	(19,505)	-
Total		281,049	146,050	64,241	13,545	27,237	(19,505)	512,617
Results								
Interest income		2,184	175	92	4,464	87	(5,471)	1,531
Interest expenses		(8,980)	(2,901)	(1,280)	(2)	(1,599)	5,471	(9,291)
Bad debts written off		-	(303)	-	-	-	-	(303)
Depreciation of property, plant and equipment		(3,258)	(4,344)	(1,380)	(204)	(3,416)	-	(12,602)
Impairment loss on goodwill		-	-	-	-	-	(25,124)	(25,124)
Impairment loss on investment in associate		-	-	-	(1,223)	-	1,223	-
Impairment loss on investment in subsidiaries		-	-	-	(57,583)	-	57,583	-
Impairment loss on receivables		-	-	-	(12,042)	(33)	8,042	(4,033)
Gain/(Loss) on disposal of property, plant and equipment		26	-	-	(23)	-	-	3
Property, plant and equipment written off		-	(24)	-	-	(46)	-	(70)
Fair value gain on financial assets and financial liabilities		25	-	-	-	-	-	25
Unrealised (loss)/gain on foreign exchange		-	(22)	9	-	-	-	(13)
Rental income		-	-	13	-	190	(131)	72
Reversal of impairment loss of receivables		-	5	-	-	56	-	61
Reversal of provision for liabilities		-	24	-	-	-	-	24
Share of result of associates		-	-	-	-	-	(16,802)	(16,802)
Results of segment (loss)/profit	B	(22,330)	(41,122)	5,904	(33,122)	(4,800)	6,289	(89,181)
Taxation		(120)	1,627	(1,374)	(959)	(200)	213	(813)
(Loss)/Profit for the financial year	B	(22,450)	(39,495)	4,530	(34,081)	(5,000)	6,502	(89,994)
Other information								
Segment assets	C	337,374	92,631	88,376	208,644	22,662	(240,748)	508,939
Investment in associates		-	-	-	4,354	-	9,431	13,785
Segment liabilities	D	280,756	95,859	34,149	2,099	21,126	(147,242)	286,747
Capital expenditure		235	876	1,616	236	871	-	3,834

34. SEGMENTAL REPORTING (CONTINUED)

(i) Operating Segment (Continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other segment information by business segments: (Continued)

2017

	Note	Civil engineering and construction RM'000	Oil & gas RM'000	Manufacturing RM'000	Investment RM'000	Others RM'000	Adjustments and elimination RM'000	Consolidation RM'000
Revenue								
External sales		280,849	179,841	57,327	12	42,419	-	560,448
Inter-segment sales	A	-	157	-	34,733	8,693	(43,583)	-
Total		280,849	179,998	57,327	34,745	51,112	(43,583)	560,448
Results								
Interest income		705	332	309	3,106	171	(1,960)	2,663
Interest expense		(5,118)	(1,904)	(831)	(185)	(1,665)	1,960	(7,743)
Bad debts written off		-	(11)	-	-	-	-	(11)
Depreciation of property, plant and equipment		(3,131)	(3,968)	(1,001)	(211)	(3,242)	-	(11,553)
Impairment loss on investment in associate		-	-	-	(1,283)	-	1,283	-
Impairment loss on investment in subsidiaries		-	-	-	(3,905)	-	3,905	-
Impairment loss on receivables		-	-	(10)	-	(58)	-	(68)
Gain on disposal of property, plant and equipment		70	3,469	14	-	-	-	3,553
Property, plant and equipment written off		-	(130)	-	-	-	-	(130)
Provision of liabilities		-	(244)	-	-	-	-	(244)
Fair value loss on financial assets and financial liabilities		345	-	-	419	-	1,700	2,464
Unrealised gain on foreign exchange		-	452	13	-	-	-	465
Rental income		-	-	15	-	478	(120)	373
Reversal of impairment loss of receivables		-	78	2	-	252	-	332
Share of result of associates		-	-	-	-	-	4,701	4,701
Results of segment profit/(loss)	B	10,110	12,026	6,657	27,529	(957)	(22,683)	32,682
Taxation		(2,601)	(2,048)	(1,212)	(802)	(513)	-	(7,176)
Profit/(Loss) for the financial year	B	7,509	9,978	5,445	26,727	(1,470)	(22,683)	25,506
Other information								
Segment assets	C	163,503	134,871	84,420	258,570	64,826	(139,095)	567,095
Investment in associates		-	-	-	2,077	-	26,510	28,587
Segment liabilities	D	125,569	98,604	34,722	8,690	37,398	(42,462)	262,521
Capital expenditure		2,697	13,711	2,845	217	5,709	-	25,179

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

34. SEGMENTAL REPORTING (CONTINUED)

(i) Operating Segment (Continued)

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities are as follows:

A. Inter-segment revenue

Inter-segment revenue are eliminated on consolidation.

B. Reconciliation of profit or loss

	2018 RM'000	2017 RM'000
Share of results of associates	(16,802)	4,701
Dividend income from associates	(1,500)	(5,190)
Elimination of inter-segment transactions	24,591	(22,194)
	6,289	(22,683)
Less: Taxation	213	-
	6,502	(22,683)

C. Reconciliation of assets

	2018 RM'000	2017 RM'000
Investment in subsidiaries	(139,853)	(130,787)
Goodwill on consolidation	15,900	41,024
Inter-segment assets	(116,795)	(49,332)
	(240,748)	(139,095)

D. Reconciliation of liabilities

	2018 RM'000	2017 RM'000
Inter-segment liabilities	(147,242)	(42,462)

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

34. SEGMENTAL REPORTING (CONTINUED)

(ii) Information about major customer

For civil engineering and construction segment, revenue from 2 (2017: 1) customers represented approximately RM211,533,550 (2017: RM137,491,440) for the Group's total revenue.

For oil and gas segment, revenue from 1 (2017: 1) customer represented approximately RM63,358,534 (2017: RM96,162,138) for the Group's total revenue.

(iii) Geographical information

The Group operates predominantly in Malaysia and hence, no geographical segment is presented.

35. SIGNIFICANT EVENTS

(i) On 10 February 2017, the Company entered into a conditional Share Sale Agreement ("SSA") to acquire 500,000 ordinary shares in Cekap Semenanjung Sdn Bhd ("Cekap Semenanjung"), representing the entire ordinary equity interest in Cekap Semenanjung. Cekap Semenanjung is the beneficial owner of the entire ordinary equity interest in Sinergi Dayang Sdn Bhd. On 25 May 2018, the acquisition of Cekap Semenanjung was completed.

(ii) On 22 August 2017, the Company entered into a Share Sale Agreement ("SSA") for the proposed disposal of 2,000,000 ordinary shares of RM1.00 each in Weng Zheng Trading Sdn Bhd ("WZ Trading") for a cash consideration of RM22,800,000 ("Proposed Disposal"). On 2 February 2018, the disposal of WZ Trading was completed upon fulfilment of the condition precedent during the financial year.

36. GUARANTEES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Guarantee given to financial institution in respect of credit facilities granted to subsidiaries	-	-	522,363	744,760
Amount of banking facilities utilised by subsidiaries as at the end of financial year	-	-	141,097	113,504
Guarantee given to financial institution in respect of credit facilities granted to associate	4,992	8,214	4,992	8,214
Amount of banking facilities utilised by associate as at the end of financial year	2,038	4,103	2,038	4,103

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

37. CAPITAL AND OTHER COMMITMENTS

(i) Capital commitments

The Group has made commitments for the following capital expenditure:

	Group	
	2018 RM'000	2017 RM'000
Contracted and not provided for	758	11,558
Authorised and not contracted for	5,517	6,370
	6,275	17,928

(ii) Operating lease commitment – as lessee

The Group leases a number of site office and equipment under operating leases for average lease term between five to ten years, with option to renew the lease at the end of the lease term.

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	Group	
	2018 RM'000	2017 RM'000
- Not later than one year	2,435	2,165
- More than one year but not later than five years	5,442	6,108
- More than five years	659	-
	8,536	8,273

STATEMENT BY DIRECTORS

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

We, **YM TENGKU DATO' SRI UZIR BIN TENGKU DATO' UBAIDILLAH** and **ROSLI BIN SHAFIEI**, being two of the directors of WZ Satu Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 57 to 152 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia so as to give a true and fair view of financial position of the Group and of the Company as at 31 August 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

YM TENGKU DATO' SRI UZIR BIN TENGKU DATO' UBAIDILLAH
Executive Chairman

ROSLI BIN SHAFIEI
Director

Kuala Lumpur

Date: 13 December 2018

STATUTORY DECLARATION

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

I, **SAK SWEE SEONG**, being the officer primarily responsible for the financial management of **WZ SATU BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 57 to 152 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

SAK SWEE SEONG
MIA Membership No. 17840

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 13 December 2018.

Before me,

TAN KIM CHOOI
License No. W661
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WZ SATU BERHAD

(Incorporated in Malaysia)

Report on the Financial Statements

Opinion

We have audited the financial statements of **WZ Satu Berhad**, which comprise the statements of financial position as at 31 August 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 57 to 152.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2018, 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 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with *the By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By- Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WZ SATU BERHAD (CONTINUED)

(Incorporated in Malaysia)

Key Audit Matters (Continued)

Revenue and expenses recognition for construction business

We focused on this area because the amount of revenue and related expenses recognised in the construction business require the directors to apply judgement and estimation. The revenue and related expenses are recognised based on stage of completion method. The stage of completion method is determined by reference to costs incurred for work performed to date to the estimated total costs for each project. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our response:
Our audit procedures on a sample of major projects included, among others:
- understanding the design and implementation of controls over the Group's process in recording project costs, preparing project budget and calculating the stage of completion;
- discussing the progress of the projects and expected outcome with the respective project directors to obtain an understanding of the basis on which the estimates are made;
- assessing the reasonableness of computed stage of completion for identified projects against architect certificate or progress report and the physical completion; and
- testing the mathematical computation of the recognised revenue and expenses during the financial year.

Impairment of goodwill and investment in subsidiaries

As at 31 August 2018, the carrying amount of goodwill recognised by the Group amounted to RM15,900,000. This goodwill relates to business of subsidiaries in the construction and oil and gas segments, namely WZS BinaRaya Sdn Bhd and WZS Misi Setia Sdn Bhd. The goodwill is tested for impairment annually. The Group had made an impairment losses of RM25,124,443 in relation to goodwill during the financial year.

As at 31 August 2018, the carrying amount of the Company's investment in subsidiaries amounted to RM97,477,616. The Company had made an impairment losses of RM57,583,000 in relation to investment in subsidiaries during the financial year.

We focused on this area because judgements is required in determining factors which may indicate that the goodwill is tested annually and investment in subsidiaries are impaired. In addition, the impairment assessment requires the exercise of judgment by the Group on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections which include future sales, gross profit margin and operating expenses.

Our audit response:
Our audit procedures focused on evaluating the cash flow projections and the Group's forecasting procedures which included, among others:
- comparing the actual results with previous projections to assess the performance of the business and reliability of the forecasting process;
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing the sensitivity analysis around the key assumptions that are expected to be more sensitive to the recoverable amount.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WZ SATU BERHAD (CONTINUED)

(Incorporated in Malaysia)

Key Audit Matters (Continued)

Investment in associates

The Group has significant investment in associates which are principally engaged in bauxite activities that are facing prolonged moratorium on bauxite activities. The Group has accounted for the investment in associates using equity method of accounting.

We focused on this area because the preparation of the financial information of the associates for equity accounting purpose involves significant judgements of the directors, in particular in estimating the recoverability of the assets related to bauxite activities.

Our audit response:
Our audit procedures included, among others:
- performing audit on the financial statements of the associates for consolidation purposes;
- assess the indication of impairment of the bauxite related assets of the associates; and
- discussing with the component management on the recoverability of the bauxite related assets.

Profit guarantee receivables

The Company recognised profit guarantee arising from the shortfall between the agreed guaranteed amount and the actual profit after tax as defined in the share sale agreement entered into between the Company and the vendors.

We focused on this area because the directors made judgements over the events or circumstances indicating that receivables are impaired.

Our audit response:
Our audit procedures included, among others:
- reading the shares sale agreement and assessing the amount recognised based on the relevant terms;
- obtaining the statement from trustees on the assets held on behalf by the Company; and
- obtaining legal opinion on the Company's right to liquidate the assets held by the trustees.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WZ SATU BERHAD (CONTINUED)

(Incorporated in Malaysia)

Information other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WZ SATU BERHAD (CONTINUED)

(Incorporated in Malaysia)

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

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WZ SATU BERHAD (CONTINUED)

(Incorporated in Malaysia)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Ong Teng Yan
No. 03076/07/2019 J
Chartered Accountant

Kuala Lumpur

Date: 13 December 2018

ANALYSIS OF SHAREHOLDINGS

STATISTICS OF SHAREHOLDINGS

Number of Issued Share Capital : 465,165,197 Ordinary Shares
Voting Rights : One (1) vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	169	8.54	4,643	0.00
100 – 1,000	158	7.98	47,147	0.01
1,001 – 10,000	730	36.87	3,365,979	0.72
10,001 – 100,000	718	36.26	24,005,138	5.16
100,001 – 23,258,258 (*)	199	10.05	227,817,947	48.98
23,258,259 and above (**)	6	0.30	209,924,343	45.13
TOTAL	**1,980**	**100.00**	**465,165,197**	**100.00**

Remarks: * Less than 5% of Issued Shares
** 5% and above of Issued Shares

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of WZ Satu Berhad and their respective shareholdings based on the Register of Substantial Shareholders of WZ Satu Berhad as at 30 November 2018 are as follows:-

	No. of Shares			
Substantial Shareholders	Direct	%	Indirect	%
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	103,628,846	22.28	-	-
Lembaga Tabung Haji	43,498,672	9.35	-	-
Ong Lee Veng @ Ong Chuan Heng	33,333,999	7.17	-	-
Perbadanan Nasional Berhad	29,333,333	6.31	-	-
KDYTM Tengku Abdullah Al-Haji Ibni Sultan Haji Ahmad Shah	26,398,293	5.68	(2)20,000,000	4.30
Tan Ching Kee (Deceased)	19,200,000	4.13	(1)7,103,186	1.53
Tan Jing Xin	18,637,909	4.01	(3)19,200,000	4.13

Notes:

(1) Deemed interested by virtue of his spouse direct interest in the Company.
(2) Deemed interested by virtue of his shareholding in T.A.S. Industries Sdn Bhd pursuant to Section 8 of the Companies Act 2016.
(3) Deemed interested by virtue of her being the beneficial owner of the shares vide the Grant of Probate pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS

(Continued)

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of WZ Satu Berhad as at 30 November 2018 are as follows:-

Directors	Direct Interest No. of Shares Held	%	Indirect Interest No. of Shares Held	%
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	103,628,846	22.28	-	-
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	2,694,160	0.58	-	-
Dato' Ir. William Tan Chee Keong *(Resigned on 17 December 2018)*	18,600,000	4.00	(1)354,400	0.08
YAM Tengku Puteri Seri Kemala Pahang Tengku Hajjah Dato' Aishah Binti Sultan Haji Ahmad Shah, DK(II), SIMP	-	-	(2)20,000,000	4.30
Datuk Idris Bin Haji Hashim J. P.	-	-	-	-
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	-	-	-	-
Rosli Bin Shafiei	-	-	-	-

Notes:

(1) Deemed interested pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of his spouse direct interest in the Company.

(2) Deemed interested by virtue of her shareholding in T.A.S. Industries Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

By virtue of YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah's interest in the ordinary shares of the Company, he is also deemed to have an interest in the ordinary shares of all the related corporations to the extent that the Company has an interest.

Other than as disclosed above, none of the other Directors in office has any interest in the ordinary shares of the Company and its related corporations as at 30 November 2018.

ANALYSIS OF SHAREHOLDINGS

(Continued)

THIRTY LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS
(without aggregating securities from different securities accounts belonging to the same persons)

No.	Name	No. of Shares	%
1.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH	48,548,825	10.44
2.	LEMBAGA TABUNG HAJI	43,498,672	9.35
3.	ONG LEE VENG @ ONG CHUAN HENG	33,333,999	7.17
4.	TENGKU UZIR BIN TENGKU UBAIDILLAH	31,480,021	6.77
5.	PERBADANAN NASIONAL BERHAD	29,333,333	6.31
6.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENGKU ABDULLAH IBNI SULTAN HJ AHMAD SHAH	23,729,493	5.10
7.	T.A.S INDUSTRIES SDN BHD	20,000,000	4.30
8.	PACIFIC TRUSTEES BERHAD TAN CHING KEE	19,200,000	4.13
9.	PACIFIC TRUSTEES BERHAD WILLIAM TAN CHEE KEONG	18,600,000	4.00
10.	PACIFIC TRUSTEES BERHAD CHOI CHEE KEN	18,600,000	4.00
11.	TAN JING XIN	14,600,000	3.14
12.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH	14,000,000	3.01
13.	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH	9,600,000	2.06
14.	PACIFIC TRUSTEES BERHAD TEOH CHEE YOONG	8,732,548	1.88
15.	NG LAY HOON	7,063,186	1.52
16.	MAJLIS AGAMA ISLAM SELANGOR	6,400,000	1.38
17.	PACIFIC TRUSTEES BERHAD CHONG KIM THAM	5,596,768	1.20
18.	UTUSAN MEWAH SDN. BHD.	5,333,333	1.15
19.	TAN JING XIN	4,037,909	0.87
20.	TAN CHONG BOON	3,000,093	0.64
21.	KAF NOMINEES (TEMPATAN) SDN.BHD. PLEDGED SECURITIES ACCOUNT FOR TENGKU ABDULLAH IBNI SULTAN HJ AHMAD SHAH (TE1113)	2,668,800	0.57
22.	PACIFIC TRUSTEES BERHAD MOHD ARIS BIN MOHD ARIF	2,611,858	0.56
23.	TENGKU ZUBIR BIN TENGKU UBAIDILLAH	2,054,160	0.44
24.	PACIFIC TRUSTEES BERHAD HO KEK YEE	2,000,000	0.43
25.	PHANG CHIN KHIONG	1,855,733	0.40
26.	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	1,733,333	0.37
27.	TAN AI CHOO	1,686,921	0.36
28.	SU MING YAW	1,631,866	0.35
29.	CHUA CHIN HEAN	1,558,346	0.34
30.	WONG TUI WAN	1,524,000	0.33

ANALYSIS OF WARRANT HOLDINGS

STATISTICS OF WARRANT HOLDINGS

Number of Outstanding Warrants Issued : 131,440,908

ANALYSIS OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
1 – 99	54	6.72	2,944	0.00
100 – 1,000	122	15.19	84,642	0.06
1,001 – 10,000	266	33.13	1,190,212	0.91
10,001 – 100,000	271	33.75	9,089,646	6.92
100,001 – 6,572,044 (*)	85	10.59	47,591,508	36.21
6,572,045 and above (**)	5	0.62	73,481,956	55.90
TOTAL	**803**	**100.00**	**131,440,908**	**100.00**

Remarks: * Less than 5% of Issued Warrants
** 5% and above of Issued Warrants

DIRECTORS' WARRANT HOLDINGS

The Directors' Warrant Holdings based on the Register of Directors' Shareholdings of WZ Satu Berhad as at 30 November 2018 are as follows:-

Directors	Direct Interest No. of Warrants Held	%	Indirect Interest No. of Warrants Held	%
YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah	50,881,956	38.71	-	-
YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah	347,080	0.26	-	-
Dato' Ir. William Tan Chee Keong *(Resigned on 17 December 2018)*	9,300,000	7.08	[1]81,200	0.06
YAM Tengku Puteri Seri Kemala Pahang Tengku Hajjah Dato' Aishah Binti Sultan Haji Ahmad Shah, DK(II), SIMP	-	-	-	-
Datuk Idris Bin Haji Hashim J. P.	-	-	-	-
Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin	-	-	-	-
Rosli Bin Shafiei	-	-	-	-

Notes:

[1] Deemed interested pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of his spouse direct interest in the Company.

ANALYSIS OF WARRANT HOLDINGS

(Continued)

THIRTY LARGEST WARRANTS HOLDERS BASED ON RECORD OF DEPOSITORS
(without aggregating securities from different securities accounts belonging to the same persons)

No.	Name	No. of Warrants	%
1.	TENGKU UZIR BIN TENGKU UBAIDILLAH	32,403,716	24.65
2.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH	13,678,240	10.41
3.	PACIFIC TRUSTEES BERHAD WILLIAM TAN CHEE KEONG	9,300,000	7.08
4.	PACIFIC TRUSTEES BERHAD CHOI CHEE KEN	9,300,000	7.08
5.	TAN JING XIN	8,800,000	6.70
6.	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TENGKU UZIR BIN TENGKU UBAIDILLAH	4,800,000	3.65
7.	TAN JING XIN	4,092,954	3.11
8.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN TENG HENG	3,600,000	2.74
9.	NG LAY HOON	2,781,593	2.12
10.	TAN CHONG BOON	2,216,426	1.69
11.	TAN PANG HONG	1,684,720	1.28
12.	TAN JIN JAY	1,394,593	1.06
13.	KAF NOMINEES (TEMPATAN) SDN.BHD. PLEDGED SECURITIES ACCOUNT FOR TENGKU ABDULLAH IBNI SULTAN HJ AHMAD SHAH (TE1113)	1,334,400	1.02
14.	NG CHONG TIN	1,304,326	0.99
15.	CHUA SHIA-TSAN	1,177,000	0.90
16.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THAM TOO KAM	1,120,933	0.85
17.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAMZAH BIN MOHD SALLEH (BSL)	1,066,666	0.81
18.	PACIFIC TRUSTEES BERHAD HO KEK YEE	1,000,000	0.76
19.	TAN CHONG BOON	949,800	0.72
20.	WONG TUI WAN	762,000	0.58
21.	LIM KENG JIN	650,600	0.49
22.	CHUA CHIN HEAN	625,120	0.48
23.	PHANG CHIN KHIONG	612,453	0.47
24.	CHENG CHEE CHUNG	600,000	0.46
25.	TAN JING JIA	600,000	0.46
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAM KIAN KWANG	593,633	0.45
27.	CHANG LEE MING	505,333	0.38
28.	TAN PANG HONG	462,826	0.35
29.	CHUNG KOK SANG	459,466	0.35
30.	CHONG POH SAM	416,000	0.32

LIST OF PROPERTIES

Location	Tenure	Land area/ Built-up Area (sq ft)	Description /Existing Use	Net Book Value (RM'000)	Age of Building	Date of Acquisition /Revaluation
Lot 1850 Jalan KPB 10 Kawasan Perindustrian Balakong 43300 Seri Kembangan Selangor Darul Ehsan	Freehold	102,154/ 79,759	Manufacturing Plant cum Warehouse	20,639	18 years	2017
Lot 1882 Jalan KPB 9 Kawasan Perindustrian Balakong 43300 Seri Kembangan Selangor Darul Ehsan	Leasehold (Expires 17.8.2065)	81,646/ 40,860	Warehouse	14,296	11 years	2017
B2-1 Block B Jalan Damai Perdana 2/8 Bandar Damai Perdana 56100 Kuala Lumpur	Freehold	650	Apartment/ Staff Quarters	83	15 years	2017
B2-2 Block B Jalan Damai Perdana 2/8 Bandar Damai Perdana 56100 Kuala Lumpur	Freehold	650	Apartment/ Staff Quarters	83	15 years	2017

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth (**14th**) Annual General Meeting ("AGM") of the Company will be held at Kristal Ballroom 1, Level 1, West Wing, Hilton Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 29 January 2019 at 9:30 a.m. for the following purposes: -

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 August 2018 together with the Reports of the Directors and the Auditors thereon. [Please refer to Explanatory Note (1)]

2. To approve the payment of Directors' fees of RM350,000/- for the period from 1 February 2019 to 31 January 2020. (Resolution 1)

3. To approve the payment of benefits payable to the Directors up to an amount of RM60,000/- from 1 February 2019 to 31 January 2020. (Resolution 2)

4. To re-elect the following Directors who are retiring in accordance with Article 84 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-

   (a) YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah; and (Resolution 3)
   (b) YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin. (Resolution 4)

5. To re-elect the following Directors who are retiring in accordance with Article 91 of the Company's Articles of Association and being eligible, have offered themselves for re-election: -

   (a) YAM Tengku Puteri Seri Kemala Pahang Tengku Hajjah Dato' Aishah Binti Sultan Haji Ahmad Shah, DK(II), SIMP; and (Resolution 5)
   (b) YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah. (Resolution 6)

6. To re-appoint Messrs. Baker Tilly Monteiro Heng as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. (Resolution 7)

As Special Business

To consider and if thought fit, with or without any modification, to pass the following Ordinary and Special Resolutions: -

7. ORDINARY RESOLUTION

AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 (Resolution 8)

"**THAT** subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company and the approvals from the relevant governmental and/or regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company, at any time, at such price, to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being;

NOTICE OF ANNUAL GENERAL MEETING

(Continued)

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."

8. ORDINARY RESOLUTION

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") (Resolution 9)

"**THAT**, subject to Section 127 of the Act, the Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that:-

(i) the aggregate number of ordinary shares to be purchased and/or held by the Company does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase.

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner:-

(i) cancel all the shares so purchased; and/or

(ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/or

(iii) retain part thereof as treasury shares and cancel the remainder; and/or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

NOTICE OF ANNUAL GENERAL MEETING

(Continued)

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until: -

(a) the conclusion of the next AGM of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or

(c) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever occurs first.

AND THAT the Directors of the Company be authorised to do all acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as they may deem fit and expedient in the best interest of the Company."

9. SPECIAL RESOLUTION

PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY (Resolution 10)

"**THAT** approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix I of the Statement to Shareholders dated 31 December 2018 accompanying the Company's Annual Report 2018 for the financial year ended 31 August 2018 be and is hereby adopted as the Constitution of the Company;

AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

10. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
YAU JYE YEE (MAICSA 7059233)
Company Secretaries

Kuala Lumpur
Dated: 31 December 2018

NOTICE OF ANNUAL GENERAL MEETING

(Continued)

Explanatory Notes: -

1. Audited Financial Statements for financial year ended 31 August 2018

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the Directors, and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at the general meeting.

The proposed Resolution 1, if approved, will authorise the payment of Directors' fees to the Non-Executive Directors ("**NEDs**") by the Company for the period from 1 February 2019 to 31 January 2020 and to be payable on a monthly basis in arrears after each month of completed service of the Directors. This Resolution is to facilitate payment of Directors' fees on current year basis.

The proposed Resolution 2, if approved, will authorise the payment of Directors' benefits to the NEDs by the Company. The Directors' benefits payable of RM60,000/- for the period from 1 February 2019 to 31 January 2020 are derived from the estimated meeting allowance based on the number of scheduled meetings and unscheduled meetings (when necessary) for the Board and Board Committees, number of NEDs involved in the meetings, other benefits in-kind payable to the NEDs and estimated proportionate paid and payable insurance premium.

In the event that the Directors' fees and benefits payable proposed are insufficient due to enlarged Board size, approval will be sought at the next Annual General Meeting for additional Directors' fees and benefits to meet the shortfall.

3. Authority to Issue Shares Pursuant to the Companies Act 2016

The proposed Resolution 8 is for the purpose of granting a renewed general mandate ("**General Mandate**") and empowering the Directors of the Company, pursuant to the Companies Act 2016, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The General Mandate will provide flexibility to the Company for allotment of shares for any possible fund-raising activities 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 Thirteenth Annual General Meeting held on 30 January 2018 and which will lapse at the conclusion of the 14th AGM.

NOTICE OF ANNUAL GENERAL MEETING

(Continued)

4. Proposed Renewal of Share Buy-Back Authority

The proposed Resolution 9, if passed, would empower the Directors of the Company to purchase the Company's ordinary shares of up to ten per centum (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the Company's retained profits based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s).

5. Proposed Adoption of a New Constitution of the Company

The proposed Special Resolution, if passed, will bring the Company's Constitution in line with the Companies Act 2016 and the amended Main Market Listing Requirements of Bursa Securities as well as to enhance administrative efficiency. The proposed new Constitution is set out in Appendix I of the Statement to Shareholders dated 31 December 2018 accompanying the Company's 2018 Annual Report.

Notes :-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 January 2019 (General Meeting Record of Depositors) shall be eligible to attend the Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead (subject always to a maximum of two (2) proxies of each Meeting). Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

3. A proxy may but does not need to be a member of the Company. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of an officer or attorney duly authorised.

5. 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.

6. The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

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FORM OF PROXY

CDS Account No.	
Number of ordinary shares held	

WZ SATU BERHAD
(Company No. 666098-X)
(Incorporated in Malaysia)

WZ SATU BERHAD
永成堂 س.ا.ت.و

*I/We (full name), _____

bearing *NRIC No./Passport No./Company No. _____

of (full address) _____

_____

being a *member/members of WZ Satu Berhad ("**the Company**") hereby appoint :-

First Proxy "A"

Full Name	**NRIC/ Passport No.**	**Proportion of Shareholdings Represented**	
		No. of Shares	**%**
Full Address			

and/or failing *him/her,

Second Proxy "B"

Full Name	**NRIC/ Passport No.**	**Proportion of Shareholdings Represented**	
		No. of Shares	**%**
Full Address			

100%

or failing *him/her, the *Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at Kristal Ballroom 1, Level 1, West Wing, Hilton Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 29 January 2019 at 9:30 a.m. and at any adjournment thereof.

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

Resolution	**Agenda**	**For**	**Against**
1	To approve the payment of Directors' fees of RM350,000/- for the period from 1 February 2019 to 31 January 2020.		
2	To approve the payment of benefits payable to the Directors up to an amount of RM60,000/- from 1 February 2019 to 31 January 2020.		
3	To re-elect YM Tengku Dato' Sri Uzir Bin Tengku Dato' Ubaidillah as Director of the Company.		
4	To re-elect YBhg Dato' Syed Kamarulzaman Bin Dato' Syed Zainol Khodki Shahabudin as Director of the Company.		
5	To re-elect YAM Tengku Puteri Seri Kemala Pahang Tengku Hajjah Dato' Aishah Binti Sultan Haji Ahmad Shah, DK(II), SIMP as Director of the Company.		
6	To re-elect YM Tengku Dato' Indera Zubir Bin Tengku Dato' Ubaidillah as Director of the Company.		
7	To re-appoint Messrs. Baker Tilly Monteiro Heng as Auditors of the Company.		
As Special Business			
8	Authority to Issue Shares pursuant to the Companies Act 2016		
9	Proposed Renewal of Share Buy-back Authority		
10	Proposed Adoption of a new Constitution of the Company		

As witness my/our hand(s) this day _____ of _____ 2019.

_____

*Signature of Member /Common Seal

*Strike out whichever not applicable

Notes :-

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5. 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 Secretaries

WZ Satu Berhad (666098-X)
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur.

Then fold here

WZ Satu Berhad (666098-X)

Lot 1890, Jalan KPB 9
Kawasan Perindustrian Balakong
43300 Seri Kembangan
Selangor Darul Ehsan
Malaysia

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