AWC

CONSOLIDATING TOWARDS GREENER PASTURES

ANNUAL REPORT 2023

VISION & MISSION

VISION

Creating a better environment for our communities by providing total engineering and facilities solutions

MISSION

We aim to provide valuable and sustainable solutions to all that we serve by:

- Developing and nurturing our people
- Adopting the most appropriate systems and technologies
- Delivering excellence in all that we do

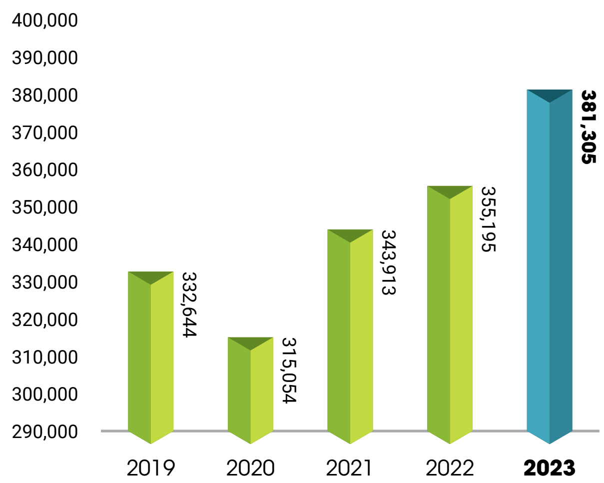
TABLE OF CONTENT

FINANCIAL HIGHLIGHTS
AS AT 30 SEPTEMBER 2023

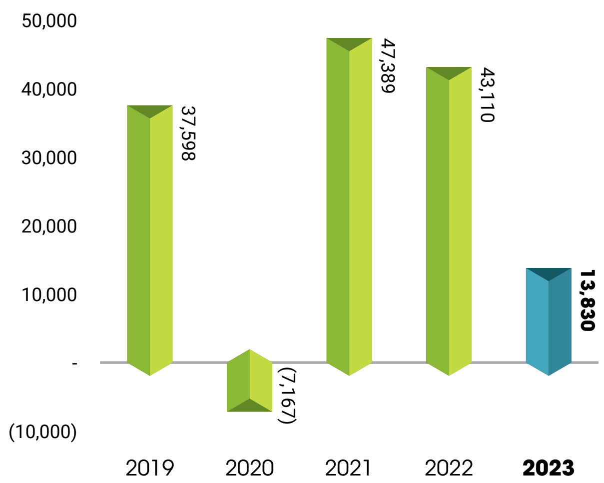
FINANCIAL YEAR ENDED 30 JUNE	CONSOLIDATED/GROUP				
	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000
Statement of Comprehensive Income Highlights:					
Revenue	332,644	315,054	343,913	355,195	**381,305**
Profit/(Loss) From Operations	37,241	(6,792)	47,796	42,711	**12,397**
Profit/(Loss) Before Taxation and Zakat	37,598	(7,167)	47,389	43,110	**13,830**
Net Profit/(Loss) For The Financial Year	29,067	(15,290)	38,815	34,206	**10,792**
Net Profit/(Loss) Attributable to Owners of The Company	21,375	(18,769)	26,066	21,532	**2,176**
Earnings/(Loss) Per Share (sen)					
- Basic	7.6	(6.4)	8.3	6.8	**0.7**
- Fully Diluted	7.5	(6.4)	8.3	6.8	**0.7**
Gross Dividend Per Share (sen)	1.0	1.5	1.5	2.0	**0.5**
Statement of Financial Position Highlights:					
Share Capital	110,847	112,264	119,034	119,151	**119,697**
Shareholders' Equity	198,339	176,427	206,321	224,515	**223,776**
Total Assets	379,228	354,177	404,114	412,280	**443,503**
Debt/Equity Ratio	0.20	0.17	0.16	0.07	**0.08**
Current Ratio	2.55	2.62	2.55	2.97	**2.63**
Net Assets Per Share (sen)	67.7	59.9	65.2	70.9	**70.5**

FINANCIAL HIGHLIGHTS
(CONT'D)

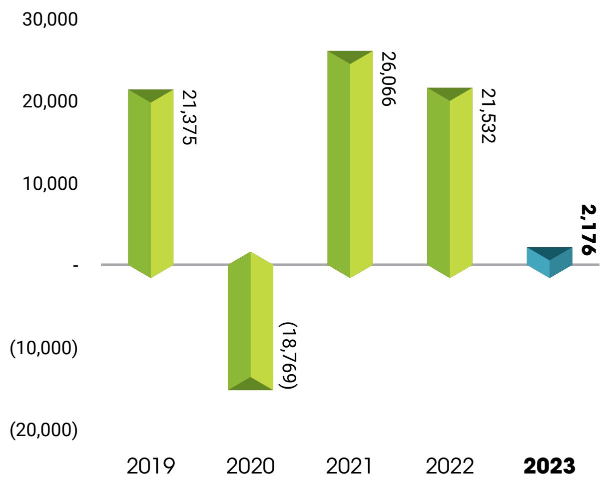
REVENUE
(RM'000)



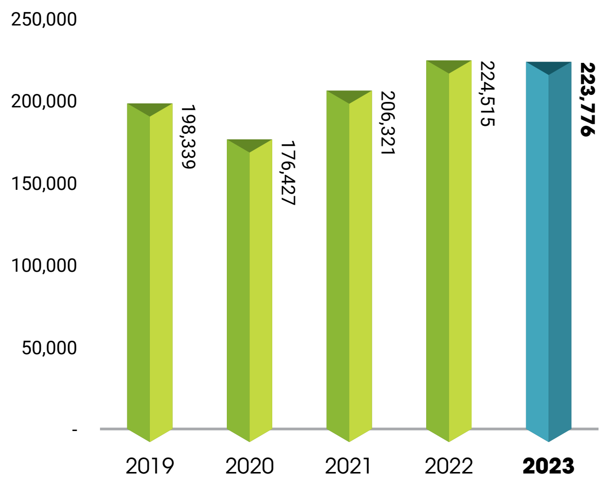
PROFIT/(LOSS) BEFORE TAXATION AND ZAKAT
(RM'000)



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



SHAREHOLDERS' EQUITY
(RM'000)



2023

RM
381,305
Revenue
(RM'000)

RM
2,176
Net Profit Attributable to Owners of the Company
(RM'000)

RM
13,830
Profit Before Taxation and Zakat
(RM'000)

RM
223,776
Shareholders' Equity
(RM'000)

GROUP STRUCTURE
AS AT 30 SEPTEMBER 2023

AWC

- 100% Ambang Wira Sdn Bhd
  - 100% AWC Rail Sdn Bhd (e)
- 100% Ambang Wira Facilities Sdn Bhd (formerly known as AW Facility Management Sdn Bhd)
- 100% Ambang Wira Healthcare Sdn Bhd (formerly known as Environmental & Landscape Services Sdn Bhd)
- 100% AWC Healthcare Solutions Sdn Bhd
- 85% M & C Engineering and Trading Sdn Bhd (b)
- 100% M & C Engineering and Trading (S) Pte Ltd (c/d)
- 100% Qudotech Sdn Bhd
  - 100% Qudotech (JB) Sdn Bhd
- 100% DD Techniche Sdn Bhd
- 51% Stream Group Sdn Bhd
  - 100% Stream Environment Sdn Bhd
  - 100% Stream Environment (S) Pte Ltd (d)
  - 100% Stream Group Sdn Bhd Abu Dhabi Branch (a)
  - 100% Stream Industries Sdn Bhd
  - 100% Stream Group Sdn Bhd Dubai Branch (f)
  - 49% Premium Patents Sdn Bhd
- 100% AWC Pureti Sdn Bhd
- 100% AWC Renewable Energy Sdn Bhd
- 100% Teroka Energy Sdn Bhd
- 60% Trackwork & Supplies Sdn Bhd

Facilities Division
Engineering Division
Environmental Division
Investment Holding Company
Rail Division

(a) Stream Group Sdn Bhd (Abu Dhabi) Branch Office
(b) Balance of 15% interest held via Ambang Wira Sdn Bhd
(c) 51% interest held via M & C Engineering and Trading Sdn Bhd
(d) Incorporated in Singapore
(e) 100% interest held via Ambang Wira Sdn Bhd
(f) Stream Group Sdn Bhd (Dubai) Branch Office

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

DATO' AHMAD KABEER BIN MOHAMED NAGOOR
Group Chief Executive Officer/President

SURESON A/L KRISNASAMY
Independent Non-Executive Director

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

DATO' DR. HJ SHAMSUL ANWAR BIN SULAIMAN
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Sureson A/L Krisnasamy (***Chairman***)

Dato' Dr. Hj Shamsul Anwar Bin Sulaiman

Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj

NOMINATION AND REMUNERATION COMMITTEE

Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj (***Chairperson***)

Dato' Dr. Hj Shamsul Anwar Bin Sulaiman

Sureson A/L Krisnasamy

EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Dato' Ahmad Kabeer Bin Mohamed Nagoor (***Chairman***)

Sureson A/L Krisnasamy

Richard Voon Siew Moon

COMPANY SECRETARIES

Tea Sor Hua
(MACS 01324)
(SSM PC No.: 201908001272)

Lim Kee San
(MAICSA 7067348)
(SSM PC No.: 202308000295)

REGISTERED OFFICE

Third Floor, No. 77, 79 & 81
Jalan SS21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7725 1777
Fax : 03-7722 3668
Email : cms_cospec@yahoo.com

PRINCIPAL OFFICE

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

SHARE REGISTRAR

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

AUDITORS

Baker Tilly Monteiro Heng PLT
(LLP0019411-LCA & AF 0117)
Chartered Accountants
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 03-22971000

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

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

BOARD OF DIRECTORS' PROFILE

DATO' NIK MOD AMIN BIN NIK ABD MAJID

Non-Independent Non-Executive Chairman

Malaysian | Male | Aged 70

Dato' Nik Mod Amin Bin Nik Abd Majid ("Dato' Nik"), a Malaysian, male, aged 70, was appointed to the Board on 1 September 2009 as an Independent Non-Executive Chairman and re-designated as Non-Independent Non-Executive Chairman on 29 May 2023. He attended all four (4) Board Meetings held during the financial year. Dato' Nik obtained his Bachelor's Degree in Economics from Universiti Malaya in 1976.

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

He has more than 26 years of banking experience with various financial institutions including Malayan Banking Berhad, Affin Bank Berhad and BSN Commercial Bank Berhad. His other experiences include Perbadanan Usahawan Nasional Berhad, Perwira Affin Bank Berhad and Malaysian Franchise Association. He was previously a Board Member of Universiti Utara Malaysia, a position he stepped down from in the year 2015.

DATO' AHMAD KABEER BIN MOHAMED NAGOOR

Group Chief Executive Officer/President

Malaysian | Male | Aged 66

Dato' Ahmad Kabeer Bin Mohamed Nagoor ("Dato' Ahmad Kabeer"), a Malaysian, male, aged 66, was appointed to the Board as a Non-Independent Non-Executive Director on 2 February 2005. On 22 June 2007, he was re-designated as the Non-Independent Non-Executive Deputy Chairman of the Company and subsequently as the Executive Deputy Chairman on 1 March 2012. He assumed the position of Managing Director/Group Chief Executive Officer of the Company on 29 May 2013. On 1 December 2017, he assumed the position of Group Chief Executive Officer/President. He is also the Chairman of the Employee's Share Option Scheme Committee of the Company. He is a major shareholder of the Company. He attended all four (4) Board Meetings held during the financial year.

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

BOARD OF DIRECTORS' PROFILE (CONT'D)

SURESON A/L KRISNASAMY

Independent Non-Executive Director

Malaysian | Male | Aged 48

Mr. Sureson A/L Krisnasamy ("Mr. Sureson"), a Malaysian, male, aged 48, was appointed to the Board on 12 April 2017 as an Independent Non-Executive Director. He is also the Chairman of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee and Employee's Share Option Scheme Committee of the Company. He attended all four (4) Board Meetings held during the financial year.

Mr. Sureson graduated with a Bachelor of Accountancy (Hons) from Universiti Putra Malaysia in 1999. He is currently registered as a Chartered Accountant with the Malaysian Institute of Accountants, since 2002.

Mr. Sureson started his career with Telekom Malaysia Berhad as an accountant where he was involved with finance, sales, corporate finance and investor relations. His other notable experiences with huge corporations include CLSA Securities, Bursa Malaysia Securities Berhad, CIMB Investment Bank, where he was responsible for initiating and spear heading cross-border Southeast Asia, India and Sri Lanka business opportunities, RHB Investment Bank and Bioven Ltd, UK.

He was previously the Independent Director of Perbadanan Tabungan Pendidikan Tinggi Nasional (PTPTN) and a Director of Universiti Putra Malaysia and Institut Integriti Malaysia.

He is currently a Director of UPM Holdings Sdn. Bhd. and CMGI Berhad.

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

Independent Non-Executive Director

Malaysian | Female | Aged 56

Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj ("YM Tunku"), a Malaysian, female, aged 56, was appointed to the Board on 12 April 2017 as an Independent Non-Executive Director. She is also the Chairperson of the Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee of the Company. She attended three (3) out of four (4) Board Meetings held during the financial year.

YM Tunku graduated with a Bachelor of Law, LLB (Honours) from Queen Mary and Westfield College, University of London, the United Kingdom in 1991. Later, she pursued a Diploma in Psychology Counselling from Universiti Kebangsaan Malaysia in 2006 and her Master's in Philosophy (MPhil) from Universiti Malaya in 2013.

As of 2018, YM Tunku holds the position as Executive Chairman of Selenggara Timur Sdn. Bhd., a road maintenance company.

Actively involved in social welfare activities, YM Tunku is one of the four Deputy Presidents of Pertubuhan Kebajikan Islam Malaysia (PERKIM) Kebangsaan, having been appointed in 2013. She was also elected as the Head of the Women Division, PERKIM Kebangsaan, a position she has held since 2010.

In 2014, YM Tunku founded a Non-Governmental Organisation (NGO), Yayasan Noor Al Syakur (YANAS) which is involved in various social welfare activities including the provision of aid to those in need and the revival of arts and culture in Kelantan.

YM Tunku was also instrumental in developing Behaviour Intervention Modules in Development and Training, between Universiti Malaya, School of Medicine, Centre of Excellence in Research of Infectious Disease and Addiction (CERIA), with the collaboration of the University of Yale and the University of Connecticut, United States of America (2010 until 2012).

YM Tunku also held a directorship in LLC Berhad.

DATO' DR. HJ SHAMSUL ANWAR BIN SULAIMAN
Independent Non-Executive Director

Malaysian | Male | Aged 62

Dato' Dr. Hj Shamsul Anwar Bin Sulaiman ("Dato' Dr. Hj Shamsul") a Malaysian, male, aged 62 was appointed to the Board on 24 August 2022 as an Independent Non-Executive Director. He is also a member of the Audit and Risk Management Committee and Nomination and Remuneration Committee of the Company. Dato' Dr. Hj Shamsul attended all three (3) Board Meetings held during the financial year since his appointment to the Board on 24 August 2022.

He holds a Bachelor Degree in Medicine from the University of Leuven, Belgium and Masters in Business Administration from the University of Technology Malaysia, Kuala Lumpur. Dato' Dr. Hj Shamsul has more than 20 years of medical experience as a doctor in government as well as private practice.

Dato' Dr. Hj Shamsul is also an Independent Non-Executive Director of Infraharta Holdings Berhad (formerly known as Vertice Berhad).

Notes:

1. None of the Directors have family relationship with any other Directors and/or major shareholders of AWC Berhad except for Dato' Ahmad Kabeer Bin Mohamed Nagoor who is a Director and shareholder of K-Capital Sdn. Bhd., a major shareholder of the Company.
2. None of the Directors have any conflict of interests with the Company.
3. None of the Directors have been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2023, other than for traffic offences (if any).
4. Save as disclosed above, none of the Directors have any other directorship in public companies and listed issuers.

KEY SENIOR MANAGEMENT PROFILE

MUZAMIL MIRZA MAHMOOD MIRZA ("MUZAMIL")

General Manager (Healthcare),
Facilities Division

Malaysian | Male | Age 59

Academic/ Professional Qualifications:

B. Sc (Geophysics) and M.Sc (Physics)

Muzamil joined the Group in June 2023 and currently holds the position of General Manager of Operations for Healthcare and Commercial projects.

Muzamil is an operations professional with over 26 years of progressive expertise. He started his working career in oil and gas industry, as a Geophysicist specialising in offshore survey and explorations in South East Asia, Australia, Africa and the Middle East and working his way up in management roles.

He has a broad range of operational experience for Facility Maintenance including Lean Concepts, Six Sigma, Root Cause Analysis, Safety and Health, total preventive and predictive maintenance and standard maintenance work, Computerized Maintenance Management System (CMMS), Green Buildings and Leasing and Tenancy Management.

Prior to joining AWC, Muzamil worked for numerous companies including UEMS (Malaysia), Raikon Building Management Company, Facility One Management Company Ltd (Vietnam), Kemuncak Asset Management Sdn Bhd, Operon Middle East (Dubai) and Johnson Controls.

ABD AZIZ AWANG ("AZIZ")

General Manager,
Facilities Division

Malaysian | Male | Age 41

Academic/ Professional Qualifications:

Bachelor of Business (Accounting)

Aziz was appointed as the General Manager of AWC Facilities Division on 1 July 2023.

He graduated from Victoria University of Technology, Australia in 2006 with a Bachelor of Business, majoring in Accounting and was practicing in the field of internal audit and risk management with KPMG from 2006 to 2010, serving clients from various industries such as property development, plantation, financial services, port operators, manufacturing, oil and gas and telecommunications.

He then served as Business Development Director for a garment manufacturer based in Hanoi, Vietnam for 4 years, before joining a licensed money service business specialising in wholesale currency and remittance services as its Chief Financial Officer from 2014 to 2020. In 2021, Aziz joined FCA Capital Sdn Bhd, a licensed corporate advisory firm, where he led the business development activities for a licensed investment bank based in Labuan.

Currently, Aziz is responsible for driving business development activities for the Facilities Division, which includes tender participation, new business leads development as well as client relationship management.

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

IR. CHEE KAR MING ("IR. CHEE")

Managing Director, Engineering Division, Qudotech Sdn. Bhd. ("Qudotech")

Malaysian | Male | Age 51

Academic/ Professional Qualifications:

Degree in Mechanical Engineering

Ir. Chee was appointed as the Managing Director of Qudotech Sdn. Bhd., a wholly-owned subsidiary of AWC Berhad, on 15 January 2019.

He graduated from the University Technology of Malaysia in 1996 with a Degree in Mechanical Engineering and later obtained a post-graduate degree Master of Business Administration from Charles Stuart University, Australia in 2000. Since 2001 he is a registered Professional Engineer with the Board of Engineers, Malaysia (BEM) and is a Member of the Institution of Engineers Malaysia (IEM).

Ir. Chee started his career as an Engineer in Artwright Technology Sdn. Bhd. in May 1996. Following that, he joined Qudotech in July 1996 as a Project Engineer specialising in Mechanical & Electrical Services.

He has extensive experience in the management and construction of hospitals, hotels, iconic high-rise buildings and high-end condominiums. Among the mega projects he is involved in are Binjai on the Park, KLIA2, The Exchange 106, TRX Lifestyle Mall and Merdeka PNB 118.

IR. CHEA THEAN TEIK ("IR. CHEA")

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

Malaysian | Male | Age 51

Academic/ Professional Qualifications:

Bachelor's Degree in Mechanical Engineering, Member of the Institute of Engineers Malaysia (IEM)

Ir. Chea brings to the Group more than 25 years of experience specialising in the areas of Building Mechanical & Electrical (M&E) Services, Mechanical Handling Engineering, Project Management & Contract Administration, Central Vacuum Systems and Automated Waste Collection Systems.

He started his career in 1997 as an M&E engineer in an engineering consultancy firm, Perunding Cekap and TWT Consultants Sdn Bhd in Johor Bahru.

Ir. Chea currently serves as the Group Chief Executive Officer of Stream Group. His key responsibilities include sales and marketing, project implementation, contract administration, finance and business development. He joined Stream Group on 16 September 2005 and was appointed as a Director on 16 April 2018.

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

KONG KEAT VOON ("MR. KONG")

Chief Executive Officer,
Trackwork and Supplies Sdn. Bhd. ("TWS")

Malaysian | Male | Age 53

Academic/ Professional Qualifications:

Bachelor of Civil Engineering

Mr. Kong started his career with Jurutera Perunding Tegap Sdn. Bhd. as design engineer in 1994 where he was involved in structural and design works. Subsequently, he joined Greenwell Engineering Sdn. Bhd., which specialises in oleochemical turnkey project as an Assistant Project Manager in 1995 where he was involved in planning, designing, controlling the cost of the project and project management for the construction of chemical plants.

He then joined Loh & Loh Constructions Sdn. Bhd. as a Project Engineer in 1997, where he managed heavy engineering constructions projects and was involved in project implementation, tendering for projects and business development. He was then tasked to lead, manage and develop the Railway Division and Turnkey Department in 2002.

Subsequently, he joined TWS as its Chief Executive Officer in February 2012, where he oversees administrative functions and is responsible for leading the development, planning, implementation and integration of the strategic direction of TWS.

RICHARD VOON SIEW MOON ("RICHARD")

Chief Financial Officer,
AWC Berhad

Malaysian | Male | Age 54

Academic/ Professional Qualifications:

Chartered Accountant (ACCA)

Richard joined the Group in January 2018 and currently holds the position of Chief Financial Officer. He is also a member of the Employees' Share Option Scheme Committee of the Company.

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

Notes:

1. None of the key senior management personnel have any family relationship with any other Directors and/or major shareholders of AWC Berhad.
2. None of the key senior management personnel have any conflict of interests with the Company.
3. None of the key senior management personnel have been convicted of any offences in the past five (5) years or been imposed on any public sanction or penalty by relevant regulatory bodies during the financial year ended 30 June 2023, other than for traffic offences (if any).
4. Save as disclosed above, none of the key senior management personnel have any other directorship in public companies and listed issuers.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors ("the Board") of AWC, I put forth to you the Annual Report and Audited Financial Statements of the Company and its subsidiaries for the financial year ended 30 June 2023 ("FYE 2023"). The Group continues to break new records in terms of the topline performance over the years including smashing its order book replenishment record by a large magnitude as compared to the previous financial year. Bottom-line and overall performance were however hampered largely by increasing cost pressures along with non-recurring items that dragged on the profitability of the Group as a whole.

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

CHAIRMAN'S STATEMENT (CONT'D)

FINANCIAL REVIEW

The Group delivered a record revenue of RM381.3 million for FYE 2023 as compared to RM355.2 million in the immediate preceding financial year, as Environment division broke RM100 million revenue mark for the first time in its history whereby the year under review is boosted by stronger project progress in Malaysia and Singapore along with better recognition of Operations and Maintenance (O&M) contracts. Facilities division of the Group reported higher revenue during the year where the execution of new contracts during the financial year, namely the Perak State Government Clinics (PSK Perak) contract and the new 5-year contract for Hospital Support Services at Institut Kanser Negara (IKN), both under the Healthcare segments of the Facilities division contributed to the higher revenue for the Group. Our Singapore air-conditioning segment under our Engineering division experienced strong growth in topline which had helped the division to report higher revenue despite the lower revenue reported by our specialised plumbing segment due to major projects such as Merdeka 118 and TRX Lifestyle Mall nearing completion. The Rail division of the Group however reported lower revenue due to slower progress experienced in its larger projects.

Despite the higher revenue achieved during the financial year, the profitability of the Group came in significantly lower at RM2.18 million in FYE 2023 in contrast to the RM21.5 million profits reported in FYE 2022. Losses experienced by the Facilities division along with several one-off charges coupled with the lower profitability reported by the Environment and Rail divisions had severely impacted the profitability of the Group in FYE 2023. The Facilities division reported its first ever loss since its inception due to impairment losses recorded on receivables and increase in operating cost arising from unscheduled works, utilities charges and manpower cost related to the concession and non-concession segments of the division. The Rail division had to endure similar fate of having to book impairment losses on its receivables resulting in lower profits for the division. Engineering division, on the other hand, managed to significantly better its results from the previous financial year despite having to record losses from impairment on receivables and contract assets, without which would have put it on course for one of the most profitable years yet for the division. The losses on the dissolution of a subsidiary of the Group along with the impairment of goodwill had rounded up a dismal year in terms of profitability for the Group.

Despite lower profits in FYE 2023, the Environment division had bolstered the contribution of post-tax profits to the Group, delivering a post-tax profit of approximately RM16.9 million. The Engineering and Rail divisions contributed approximately RM2.9 million and RM0.8 million respectively in after-tax profits. Facilities division recorded a post-tax loss of RM5.9 million.

On a per share basis, the Group recorded an Earnings Per Share ("EPS") of 0.7 sen in FYE 2023 from an EPS of 6.8 sen in FYE 2022. Net Asset Per Share decreased to 70.5 sen in FYE 2023 from 70.9 sen in FYE 2022. Our Shareholders' Equity as at 30 June 2023 stood at RM223.8 million, a slight decrease from RM224.5 million as at 30 June 2022.

The detailed analysis of the Group's Performance across the divisions are presented in our Management Discussion and Analysis ("MDNA") Section on pages 60 to 67 of this Annual Report.

OPERATIONAL HIGHLIGHTS

Facilities Division

It was a mixed bag of performance for the division where it reported higher revenue thanks mainly to the contribution from new healthcare contracts secured during the year under review. Full year contribution from the National Institutes of Health (NIH) contract and Hospital Orang Asli Gombak Support Services contract secured during the previous financial year helped the division to its improved revenue during FYE 2023. The confidence in the service level and performance of the Group in executing Green Building maintenance projects under Putrajaya Holdings had enabled the division to secure a 2-year extension to its existing maintenance contract for Menara PJH in Putrajaya. Despite the record high revenue, the division suffered its first ever loss in history due to the escalating cost pressures mainly on manpower, utilities charges, the additional costs incurred on unscheduled works and losses from impairment of trade receivables.

OPERATIONAL HIGHLIGHTS (CONT'D)

Facilities Division (Cont'd)

Klinik Kesihatan Buntong, Ipoh

Klinik Kesihatan Teluk Intan

Menara PJH

CHAIRMAN'S STATEMENT (CONT'D)

OPERATIONAL HIGHLIGHTS (CONT'D)

Environment Division

Stream Group Sdn Bhd ("Stream Group") reported a bumper year in terms of revenue in FYE 2023 after successfully executing a number of signature projects during the year. This was made possible by the significant progress experienced from mainly the Malaysia and Singapore regions. Lower profitability was however a resultant of downward revision to gross margins due to increase in material costs and wages along with the recognition of onerous projects in Singapore, which had kicked off before and during the COVID-19 pandemic. Projects handed over during the financial year include Senada Residences, Crowne Plaza & Royce Residences, Alcove @ The Glades, Tenaga Nasional Berhad New HQ Building, Singapore General Hospital-National Cancer Centre, Boulevard 88, and Meyer House @ 128 Meyer Road. Prestigious projects landed by Stream Group in Malaysia namely Savana Penang, Curvo Residences, M Astra, The Minh @ Mont Kiara, Jendela Residences @ KLGCC, Skyline KL, TRX Hotel @ Tun Razak Exchange and Skyline Kuchai whilst in Singapore, the division secured Lentor Modern, Piccadilly Grand, AMO Residences, Elective Care Centre and National Dental Centre, The Myst, Lentor Hills Residences, Grand Dunman, Changi Airport Terminal 3 (Revamp Work) and Pinetree Hill. In the upcoming year, Stream Group is expected to hand over sizeable projects including M Oscar, Uda 38, Duta Park Residences, Trion, Normanton Park and Sky Everton.

Stream Group Projects in Malaysia

Senada Residences

The Pano

Crowne Plaza & Royce Residences

OPERATIONAL HIGHLIGHTS (CONT'D)

Environment Division (Cont'd)

Stream Group Projects in Malaysia (Cont'd)

Tenaga Nasional Berhad Headquarters

Stream Group Projects in Singapore

The Jovell

Integrated Care Hub

OPERATIONAL HIGHLIGHTS (CONT'D)

Engineering Division

During the FYE 2023, strong pick-up in projects from the unit's air-conditioning segment in Singapore had helped the division to a slight growth in revenue and remarkable turnaround in overall performance as compared to the previous financial year. The specialised plumbing segment and rainwater harvesting unit on the other had reported slower revenue mainly due to the major projects of the segments nearing the tail-end of its development. Among the new projects secured by the division in FYE 2023 includes IMC Hospital in Alor Setar, The Cedar at Damansara Heights, Interpoint Klang, Serasi Residence in Putra Heights and a number of Siphonic system jobs for our rainwater harvesting system (RWHS) namely Alice Smith International School, RWHS for Hospitals at Sik, Kulim, Alor Setar, Sg. Petani, Baling and Jitra and Kompleks Pejabat Majlis Bandaraya Pasir Gudang. In Singapore, our air-conditioning segment completed a number of Building Management System projects including JTC Corporation's CT3, CT2b, JTC Timmac, JTC Kranji Green and Sembawang Integrated Sport Hub. During the upcoming year, the division is expected to hand over the World's Second Tallest Building being Merdeka 118, Lendlease Lifestyle Mall at Tun Razak Exchange and the IMC Hospital in Alor Setar.

Serasi Residence

Lendlease Lifestyle Mall

Rail Division

Revenue for the Rail division during FYE 2023 was largely unchanged mainly due to completion of a few major projects of the division in the previous financial year and delays in commencement of new projects secured during the year. The division reported a lower profit during the year mainly due to impairment on receivables and unfavourable product mix resulting to lower margin in FYE 2023. Projects that were completed and handed over in FYE 2023 among others include supply, upgrade, delivery and testing of PCB Analyser (axles, wheels, bodan material, ATW, mobile lifting jacks and car body stands) for various KTMB Projects and KVDT1 Project. During the year, the division secured several projects namely from Prasarana for works relating to the LRT Ampang and Kelana Jaya Line, supply, delivery and testing contracts from KTMB and a number of smaller supply jobs.

Supply of axles to KTMB for wagons and coaches

Installation of the first mobile wheel monitoring system in Malaysia at MRT Putrajaya Line

OPERATIONAL HIGHLIGHTS (CONT'D)

Rail Division (Cont'd)

Supply and Delivery Of Mono-Block Wheel For KTMB SCS 92 Class

ECONOMIC REVIEW

The global gross domestic product ("GDP") growth in 2022 moderated to 3.4% reflecting the economic slowdown in advanced economies as well as emerging market and developing economies (EMDEs). Despite the softened global growth, Malaysia's economy recorded a strong growth of 8.7% in 2022, exceeding the initial projection of 6.5% - 7%, whereby real output value reached above the pre-pandemic level. The commendable performance was driven by domestic demand and improved labour market in line with the transition to the endemic phase. These resulted from an increase in economic activities which include household spending, investment, and tourism. Subsequently, encouraging expansion in all economic sectors primarily the services and manufacturing have also provided continuous impetus to the significant economic growth in 2022. Furthermore, the growth was attributed to robust external demand, especially among Malaysia's major trading partners.

In 2023, global growth is expected to further soften at 2.9% on the back of persistent pressures such as inflation, tightening global financial conditions and economic deceleration among major economies. (Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance Malaysia)

The Malaysian economy expanded moderately in the second quarter of 2023 (2.9%; first quarter ("1Q") 2023: 5.6%), weighed mainly by slower external demand. Domestic demand remained the key driver of growth, supported by private consumption and investment. Household spending was supported by further growth in employment and wages.

Meanwhile, investment activity was underpinned by capacity expansion, progress of multi-year projects and higher fixed asset spending by the government. Continued recovery in inbound tourism partially offset the slower goods export growth. Growth during the quarter was also affected by the high base effect in the second quarter of 2022 when the economy experienced strong growth from reopening effects and policy measures. On the supply side, the services and construction sectors continued to support growth. Meanwhile, production in the agriculture and mining sectors were affected by hot weather and plant maintenance. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.5% (1Q 2023: 0.9%).

CHAIRMAN'S STATEMENT (CONT'D)

ECONOMIC REVIEW (CONT'D)

With the challenging global environment, the Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023. Growth will continue to be supported by domestic demand amid improving employment and income as well as implementation of multi-year projects. Tourist arrivals are expected to continue rising, which would support tourism-related activities. (Source: Bank Negara Malaysia)

BUSINESS OUTLOOK

The fragile global economy post pandemic as a result of a number of significant phenomenon observed over the last year or so including but not limited to rapid rise in interest rates raising the cost of borrowing for businesses and consumers, inflation spike resulting in massive hike in commodities prices and prices of goods all had weigh on global growth and impacted the overall business performance.

The aspirations of the Group in consolidating partially owned subsidiaries including Stream Group and Trackwork & Supplies Sdn. Bhd. are expected to bolster the Group performance moving forward. The prospects for our pneumatic Automated Waste Collection System (AWCS) under STREAM in Malaysia plus new markets regionally and globally should contribute positively towards the Group's business organically. The Proposed Acquisition of Stream Group is in line with the overall strategy of the Group to focus on growing its Environmental, Social and Governance (ESG) related businesses and facilitate the continuing growth of the Group's core business as a diverse ESG player. The pick-up in construction activities and large-scale infrastructure projects including but not limited to Klang Valley MRT3 Project, Penang LRT Project and the reintroduction of Kuala Lumpur-Singapore High Speed Rail Project which are expected to come on-stream within the foreseeable future bodes well for our Rail division and the Group as a whole.

With the record breaking orderbook replenishments and various potential pipeline of new orders tendered for, we remain optimistic that the Group is on a more solid footing to better our past performances moving forward.

AWARDS AND ACCOLADES

Stream Environment's AWCS was the Winner for ENGINEER Excellence Award 2023 at the Institute of Engineers Malaysia Convention 2023.

The projects where Stream Group were involved in Singapore won multiple awards at The EdgeProp Singapore Excellence Awards 2022. CanningHill Piers emerged as the winner in five different award categories including the Top Development Award. Martin Modern, MeyerHouse, Park Nova, and Grandeur Park Residences Development projects all won multiple awards in their respective categories. STREAM AWCS was installed in all the developments and the Group is proud to be part of the award-winning developments.

Heriot-Watt University in Putrajaya was awarded the Special Award by Putrajaya Corporation for "Pertandingan Tandas Awam Bersih & Cantik Peringkat Putrajaya 2023" whilst Galeria PJH in Putrajaya won the 3rd Place for Public Toilets category under the same competition. Both the facilities were maintained by Ambang Wira Sdn Bhd under our facilities division.

Our commercial rainwater harvesting (RWH) filter was finally granted Intellectual Property (IP) rights for Industrial Design and officially obtained registration number during the year following the success in the previous year in researching and developing new series of commercial RWH filters along with the design being registered and tested at National Hydraulic Research Institute of Malaysia (NAHRIM) and certified by SIRIM with ECO-Labelling and MyHijau mark from GreenTech Malaysia.

CHAIRMAN'S STATEMENT (CONT'D)

AWARDS AND ACCOLADES (CONT'D)

Engineer Excellence Award 2023

Park Nova

CanningHill Piers

MeyerHouse

Grandeur Park Residence

Martin Modern

CHAIRMAN'S STATEMENT (CONT'D)

AWARDS AND ACCOLADES (CONT'D)

Sijil Penghargaan

TAHNIAH

HERIOT-WATT UNIVERSITY,
PRESINT 5

ANUGERAH KHAS PERBADANAN PUTRAJAYA

PERTANDINGAN TANDAS AWAM
BERSIH & CANTIK PERINGKAT PUTRAJAYA 20 3

Sijil Penghargaan

TAHNIAH

PENGURUSAN GALERIA PJH
PRESINT 4

TEMPAT KETIGA
KATEGORI KOMPLEKS SWASTA

PERTANDINGAN TANDAS AWAM
BERSIH & CANTIK PERINGKAT PUTRAJAYA 20

Award from Putrajaya Corporation for Heriot-Watt University & Galeria PJH

PERBADANAN HARTA INTELEK MALAYSIA
INTELLECTUAL PROPERTY CORPORATION OF MALAYSIA

AKTA REKA BENTUK PERINDUSTRIAN 1996
PERATURAN-PERATURAN REKA BENTUK PERINDUSTRIAN 1999

PERAKUAN PENDAFTARAN
SUATU REKA BENTUK PERINDUSTRIAN

WATER FILTER

KAMAL KOMSIN

RWH IP Rights for Industrial Design

DIVIDEND

The Board of Directors had earlier declared first interim dividends amounting to 0.5 sen per ordinary share which was paid out to our shareholders in April 2023. No final dividend was proposed and recommended by the Board, after taking into account the lower profitability reported as well as the impending corporate exercise of Stream Group. Total pay-out for the year was at 0.5 sen per ordinary share as compared to 2.0 sen per ordinary share in the previous year. Total pay-out is approximately RM1.5 million, translating to a dividend pay-out ratio of approximately 72.0% against EPS as compared to a pay-out ratio of 29.0% in the previous corresponding year.

NOTES OF APPRECIATION

On behalf of the Board, I wish to record my heartfelt appreciation to our clients, financial institutions, business partners and associates for the continuous support and cordial relationship with the Group. Our gratitude to the Government of Malaysia and other authorities for the assistance and steadfast confidence in us.

To my fellow Board members, thank you for your invaluable advice, thoughts, and experience in steering the Group through another challenging year. My credits to the management and staff of AWC Group for their unrelenting effort and commitment in delivering a commendable performance despite the challenges that we faced across the year.

Finally, my sincere appreciation to our shareholders for the trust and faith placed upon the Board and management to lead the Group to the next phase of strategic growth as we consolidate towards greener pastures and a sustainable path, God willing. The best is ahead of us at AWC Group.

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

SUSTAINABILITY STATEMENT

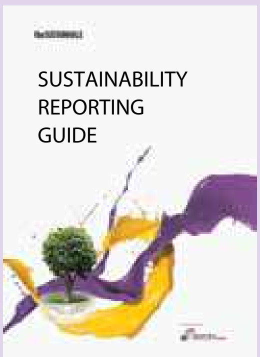
AWC BERHAD

The reporting period is from **1 July 2022 to 30 June 2023**. The scope of this report extends to all four divisions stated on the right, covering offices in Malaysia, Singapore and countries in the Middle East.

ABOUT THIS REPORT

Guidelines & References

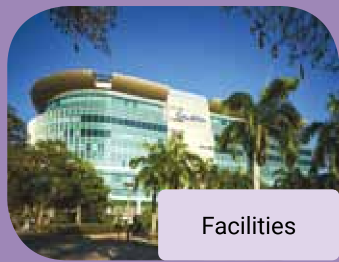
- Main Guide: **Bursa Malaysia**
- Supplementary Guides & References: **GRI** and **UNSDGs**



GRI 2-1 , 2-2 , 2-3

Divisions


Environment


Facilities


Engineering


Rail

This is AWC Berhad's 6th annual Sustainability Statement. In this statement, we disclose the efforts taken to accomplish our primary goals of long-term development and value creation for our stakeholders. To help steer the business towards higher sustainability aspirations, this report provides an idea of the efforts taken in the aspects of Economic, Environmental, Social and Governance (EESG). AWC Berhad's commitment to safeguard the interests of valued stakeholders remains at the forefront of our business sustainability focus.

In addition to disclosing our sustainability performance according to the Bursa Malaysia Securities Berhad's ("Bursa Malaysia's") Main Market Listing Requirements on Sustainability Reporting (3rd edition), we have also taken into consideration the Global Reporting Initiative (GRI) Standards as a reference.

Furthermore, we have identified and aligned our efforts with the United Nations Sustainable Development Goals (UNSDGs) that are most relevant to our business. We are committed to the adoption and fulfilment of our sustainable pledges for the long-term viability of our business and the well-being of our community.

This report is available to view or download in PDF format at our corporate website: www.awc.com.my/investor-relations/

This Sustainability Statement has not been subjected to an assurance process.

Company Profile

GRI 2-2 , 2-2 , 2-28

AWC Berhad (hereafter referred to as "AWC" or "the Group") is a prominent engineering services group in Malaysia. It is also known to building owners as one of the region's leading providers of "one-stop" integrated facilities management services. Headquartered in Selangor, Malaysia, the Group offers encompassing waste management system solutions, integrated facilities management, construction solutions for rails and plumbing services. Below is a list of the Group's key business entities, with accompanying percentages indicating ownership within the company.

100%

Ambang Wira Sdn Bhd (AWSB)

AWSB heads the Group's Facilities Division which is also the Group's largest division in terms of workforce. AWSB is a major provider of "one-stop" integrated facilities management services throughout Malaysia.

100%

DD Techniche Sdn Bhd (DDT)

DDT is an engineering company that specialises in designing and building Rainwater Harvesting (RWH), Greywater Harvesting and other water treatment systems.

100%

Qudotech Sdn Bhd (Qudotech)

Qudotech is a leading Mechanical and Electrical (M&E) contractor specialising in Plumbing Services in Malaysia, especially Cold/Hot Water and Sanitary Plumbing Services.

60%

Trackwork & Supplies Sdn Bhd (TWS)

TWS, the Group's youngest division, provides services in various areas of the Railway sector such as construction and maintenance for Track, Depots and Equipment.

51%

Stream Group Sdn Bhd (STREAM)

STREAM heads the Group's Environment Division. It is headquartered in Selangor, Malaysia, with subsidiary offices in other parts of Malaysia as well as in Singapore and Abu Dhabi, United Arab Emirates (UAE).

Membership of Associations

- Construction Industry Development Board (CIDB)
- American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE)
- Pusat Khidmat Kontraktor (PKK)
- Singapore Business Federation (SBF)
- Kementerian Kewangan
- Malaysia Green Building Council (malaysiaGBC)
- MyHijau Mark & Directory
- Abu Dhabi Chamber of Commerce
- Dubai Chamber of Commerce

Governance Structure

GRI 2-9 , 2-14

To ensure that high standards of governance and integrity are championed across all business activities, AWC adopts a three-tier sustainability governance structure, which is indicated in Figure 1 below.

Since the formation of the sustainability governance structure in 2018, AWC's commitment to sustainability has been driven by the diligent oversight of our Board of Directors (BOD), who play a pivotal role in monitoring and advancing AWC's sustainability efforts.

Working in collaboration with the BOD, the Group Chief Executive Officer (CEO) leads the Sustainability Steering Committee (SSC), and they are backed by the Senior Management team. Together, they oversee the business activities implemented by the Sustainability Working Committee (SWC), which is responsible for developing and carrying out the operations required to achieve the Group's sustainability goals.

Figure 1: Sustainability Governance Structure

Board of Directors	**Oversees** AWC's sustainability progress and **approves** strategies presented by the SSC
Group Chief Executive Officer Senior Management	**Approves** SWC-identified material issues, **oversees** Board-approved sustainability initiatives and **supervises** SWC's implementation efforts
Business development Investor relations Finance Procurement Human resources Quality Assurance, Safety, Health & Environment (QASHE)	**Identifies** material issues, **crafts** aligned sustainability initiatives for AWC and **upholds** business values.

Key Stakeholders Engagement

GRI 2-29

All individuals or groups who are involved with, interested in, or influenced by AWC's operational processes are regarded as stakeholders. We maintain a continuous dialogue with our identified key stakeholders throughout the year to understand their viewpoints, needs and expectations on key topics of interest, respectively reflected in the tables:

Investors

Topics of Interest	Engagement Approach	Frequency
• Return on investment • Transparent reporting with credible data • Innovative supply chain solutions • Orderbook replenishment rate	• Investor earnings conference	• As and when required
	• Investors/Analyst briefings	• Biannually
	• Annual report	• Annually
	• Corporate website	• Per announcement by Bursa Malaysia/Product/R&D
	• One-on-one meetings	• As and when required
	• Annual general meeting	• Annually

Customers

Topics of Interest	Engagement Approach	Frequency
• Reliable service and on-time delivery • Customer convenience • Competitive pricing • Operational efficiency	• Customer feedback and surveys	• Ongoing
	• Market research	• As and when required
	• Operational meetings	• Ongoing
	• Client social events	• As per management decision

Employees

Topics of Interest	Engagement Approach	Frequency
• Competitive pay and benefits • Clear communication • Work-life balance • Career growth and opportunities	• Training and talent development	• Monthly
	• Employee engagement survey	• As and when required
	• Town hall meetings	• As and when required
	• Internal audit on operations	• Annually
	• Employee performance evaluation	• Annually

Contractors

Topics of Interest	Engagement Approach	Frequency
• Reputation of main contractor • Timely pay-outs and workmanship • Type of projects involved	• Credit-worthiness checks with Credit Tip-Off Services (CTOS)	• As and when there is tender for new projects
	• Two-way dialogue for process and quality improvement	• As and when required

Key Stakeholders Engagement (Cont'd)

GRI 2-29

Regulatory and Statutory Bodies

Topics of Interest	Engagement Approach	Frequency
• Regulatory compliance • Corporate governance • Standards and certifications • Risk management	• DOSH inspection of elevators and escalators	• Annually
	• Jabatan Keselamatan dan Kesihatan Pekerja (JKKP) inspection on elevators and escalators	• Annually
	• Fire safety and building inspection by BOMBA	• Annually
	• Facility visits by a certified electrical engineer	• Twice a month
	• External Audit (DNV-GL) – Quality Management System	• Annually
	• External Audit (Sterling) – Finance, Operations and Procurement	• Annually
	• Construction Industry Development Board (CIDB) Malaysia	• Upon renewal of CIDB certificate, CIDB green card, etc.
	• Safety incident reporting	• As and when an accident occurs

Suppliers/Subcontractors

Topics of Interest	Engagement Approach	Frequency
• Timely pay-outs • Procurement practices • Supplier Code of Conduct • Quality of products/materials • Supplier support and performance • Transparent tender processes and accurate pricing. • Post-project evaluations	• Supplier/Subcontractors assessment forms.	• During supplier screening or before registering into the Group system. Annually review the performance of suppliers.
	• Supplier/Subcontractors registration forms.	• As and when required during vendor registration for purchase-and-pay purposes.
	• Obtaining prices from 3 tenderers for comparative evaluation	• Every new project
	• Face-to-face/Virtual meetings and evaluation checklist	• Annually

Local Community

Topics of Interest	Engagement Approach	Frequency
• Impact of operations on the environment • Economic opportunities	• Charitable donations and hosting of community events	• As per management decision
	• Employment opportunities through local hiring	• As and when required

Materiality Methodology & Analysis

GRI 3-1

In compliance with Bursa Malaysia's guidelines mandating the disclosure of 11 fundamental sustainability matters, we have reviewed the Group's sustainability matters. Upon discussions with representatives from the Sustainability Steering Committee (SSC) and the Sustainability Working Committee (SWC), a **total of thirteen (13) key sustainability matters were deemed relevant and important** to AWC.

Although a materiality assessment was conducted in 2022, AWC engaged independent consultants to conduct another assessment this year to incorporate the latest changes. Drawing input from **125 stakeholders** across different stakeholder groups, we have constructed the materiality matrix guided by a **3-step process**, the visual representation of which is depicted below:

Step 1
Identification

Internally, we reviewed the sustainability matters that were disclosed in the past to reconsider their relevance and importance based on the short and long-term impact on AWC's business.

Externally, we referred to Bursa Malaysia's Sustainability Reporting Guide to ensure that the mandatory sustainability matters are included.

Step 2
Prioritisation

Online materiality surveys were sent to the AWC Leadership Team and key internal and external stakeholders to assess the:

- **Significance of the impact of each sustainability matter** in the aspects of economic, environmental, social and governance
- **Influence of each sustainability matter on the assessment and decisions of the stakeholders**

Step 3
Approval

The outcomes from the materiality survey were mapped out in the form of a Materiality Matrix.

This was then **shared with the SWC for validation** before gaining **approval from the SSC.**

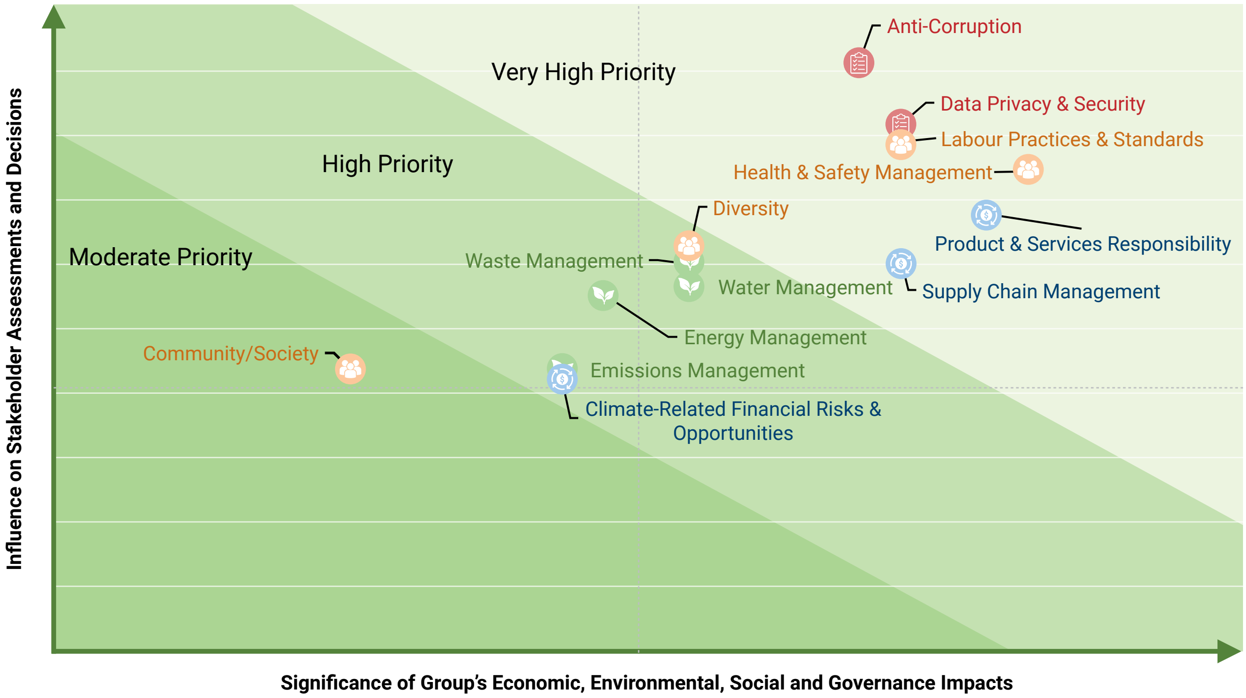
Materiality Matrix

GRI 3-2

The Group's Materiality Matrix is illustrated in Figure 2 below. Out of thirteen (13) material matters, AWC recognised **six (6) as "very high priority"**. These material matters are mapped in the top right section of the materiality matrix - Health & Safety Management, Anti-Corruption, Data Privacy & Security, Labour Practices & Standards, Products & Services Responsibility and Supply Chain Management.

The changes to the material matters as compared to the previous reporting period are stated in the footnote below.

Figure 2: Materiality Matrix



Economic

- Products & Services Responsibility
- Supply Chain Management [1]
- Climate-Related Financial Risks & Opportunities

Environmental

- Waste Management [2]
- Water Management [3]
- Energy Management [4]
- Emissions Management [5]

Social

- Health & Safety Management [6]
- Labour Practices & Standards [8]
- Diversity [9]
- Community/Society [7]

Governance

- Anti-Corruption [10]
- Data Privacy and Security [11]

Renamed to align with disclosure requirements:
1. Procurement and Supply Chain → Supply Chain Management
2. Waste & Effluent Management → Waste Management
3. Responsible Water Consumption → Water Management
4. Energy Consumption → Energy Management
5. Carbon Emissions → Emissions Management
6. Occupational Health & Safety → Health & Safety Management
7. Community Support → Community / Society

Separate for clarity:
Human Rights & Diversity is split into:
8. Labour Practices & Standards
9. Diversity

Added due to disclosure requirements:
10. Anti-Corruption
11. Data Privacy and Security

Removed due to irrelevance and/or redundancy of information in the report:
- Economic Performance
- Market Performance
- Regulatory Compliance
- Anti-Competitive Behaviour

Understanding Sustainability Matters

GRI 3-2

Upon prioritising sustainability matters (or also known as material matters) via the materiality assessment, AWC has also defined

- why each material matter is important; and
- what does the group do to manage these material matters.

In support of the 2030 Agenda for Sustainability Development, we have also identified how our sustainability initiatives can contribute to the respective United Nations Sustainability Development Goals (UNSDGs).

Economics

Material matter	Why they matter to us	What do we do about it
Products & Services Responsibility	To achieve long-term stakeholder satisfaction while minimising potential risks.	Minimise negative impacts through quality control standards and regulations.
Supply Chain Management	To ensure that quality products and services can be delivered as well as to improve supplier options in order to prevent disruption to business operations.	• Review and select dependable and trustworthy suppliers. • Support local suppliers that have good environmental, social and ethical practices.
Climate-Related Financial Risks & Opportunities	To evaluate and manage potential gains or losses that arise due to climate change.	Take strategic actions to enhance environmental and financial sustainability.

Contribution to UNSDGs

Understanding Sustainability Matters (Cont'd)

GRI 3-2

Environmental

Material matter	Why they matter to us	What do we do about it
Waste Management	To enable the delivery of sustainable solutions that are aligned with industry standards and regulatory requirements.	Handling waste safely and minimising trade effluents by using Sustainable Waste Management Systems.
Water Management	To sustain our operations and protect the environment.	Managing water consumption and improving water quality.
Energy Management	To enable efficient, cost-effective and sustainable operations while minimising environmental impact.	Optimising energy consumption throughout business operations by maximising production efficiency.
Emissions Management	To measure and reduce its environmental impact in alignment with national and global commitments.	Monitoring carbon emissions stemming from daily operations and adopting environmental-friendly alternatives.

Contribution to UNSDGs

Understanding Sustainability Matters (Cont'd)

GRI 3-2

Social

Material matter	Why they matter to us	What do we do about it
Health & Safety Management	To safeguard employees' well-being and ensure a safe, balanced and conducive work environment.	Implementing safety measures to protect on-site employees and shifting to more balanced working hours.
Labour Practices & Standards	To build and maintain a productive and competent workforce.	Implementing practices that ensure equitable treatment, development and recognition of our people.
Diversity	To encourage innovation as well as foster an inclusive and dynamic work environment.	• Respecting our employees by providing the right to join unions while cultivating a pleasant working environment. • Eliminating any form of discrimination by providing equal opportunities for all employees.
Community/ society	To foster positive change and support the communities where we operate in.	Helping individuals and families in need through philanthropic efforts and provision of service.

Contribution to UNSDGs

Understanding Sustainability Matters (Cont'd)

GRI 3-2

Governance

Material matter	Why they matter to us	What do we do about it
Anti-Corruption	To fulfil our responsibility of ensuring ethical excellence in our business operations.	• Implementing a zero-tolerance policy against all forms of bribery, fraud and corruption. • Putting in place whistleblowing channels as safeguards for any form of misconduct.
Data Privacy and Security	To uphold stakeholders' trust in their engagement with us by safeguarding their privacy and ensuring data integrity.	Adopting new technology and practices to ensure that we are protected from cyber risks.

Contribution to UNSDGs

Economic

Economic sustainability is the cornerstone of AWC Berhad's business strategy.

By ensuring profitability, long-term financial stability and value creation for shareholders, AWC Berhad will be able to:

- enhance its capability to deliver strong future performance
- sustain its capacity to invest in environmental and social initiatives that align with its broader sustainability goals.

In this section, we delve into how AWC Berhad manages the material matters related to the Economic aspect.

Products & Services Responsibility

Supply Chain Management

Climate-Related Financial Risks & Opportunities

Products & Services Responsibility

GRI 3-2 , 3-3

As a company committed to responsible practices, we understand the importance of ensuring that our products and services benefit both society and the environment. At AWC, this involves meticulous attention to product and service quality and safety throughout the entire production or delivery process. We are aware that mishandling this process can lead to customer dissatisfaction and financial implications.

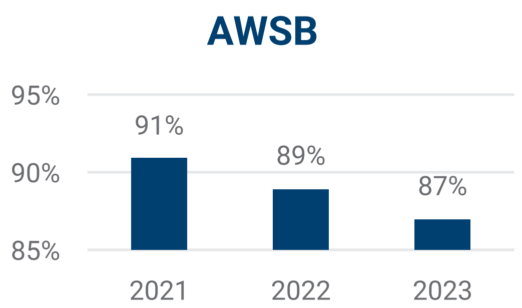
Under this material matter, we will disclose information related to incidents, complaints and customer interactions, all of which underscore our commitment to continuous improvement and accountability. Across our divisions, AWC strives to make a positive contribution while minimising harm.

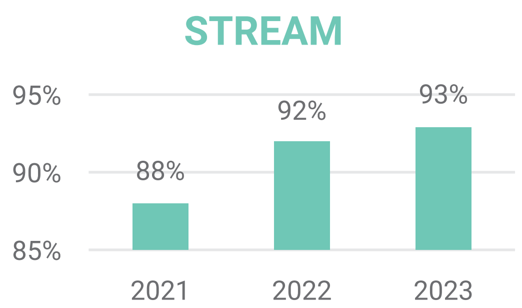
Customer Satisfaction

We recognise the essential role of customer input in securing long-term profitability and reinforcing our competitive edge. We engage with our customers through two primary avenues: conducting Customer Satisfaction Surveys (CSS) and providing dedicated channels for customer complaints.

The charts below show our customer satisfaction rate for the past 3 years. Further explanations are provided below for each subsidiary.

Figure 3: Customer Satisfaction Rate (%) *– Part 1*





The graph depicts a gradual decline. One of the reasons for the decline in 2023 is the challenge of obtaining client approval at two commercial sites to distribute survey forms to tenants. Moving forward, AWSB will explore alternative methods to gather customer input and enhance overall customer satisfaction.

STREAM's customer satisfaction rate reflects a positive trend over the past 3 years, which is driven by its proactive efforts such as

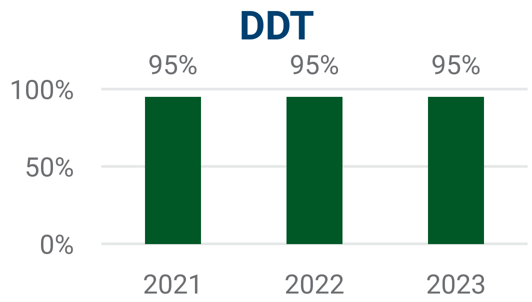
- Frequent client interactions
- Quick issue resolution
- Commitment to quality service

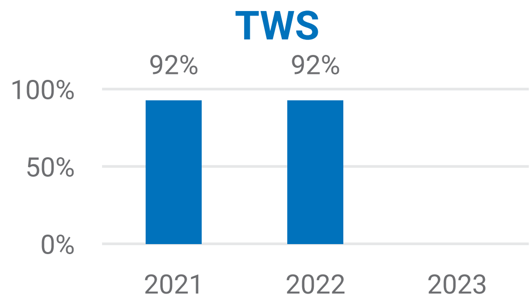
Products & Services Responsibility (Cont'd)

GRI 3-2 , 3-3

Customer Satisfaction (Cont'd)

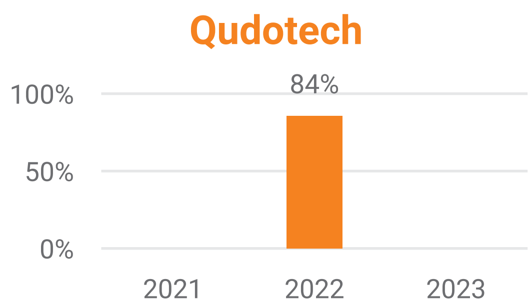
Figure 3: Customer Satisfaction Rate (%) – *Part 2*





DDT achieved a 95% customer satisfaction rate over three years, highlighting our unwavering commitment to consistently deliver high-quality service that meets our customers' expectations.

TWS also maintained a 92% customer satisfaction rate in 2021 and 2022. We do not have any updates yet for 2023 as the CSS are scheduled to be sent to our customers in October or November each year.



As for Qudotech, no projects were handed over during the financial years 2021 and 2023. Hence, there are no value for customer satisfaction rate during these two years.

Our latest project handover was in financial year 2022 where we achieved 84% customer satisfaction rate.

Customer Complaints

Referring to the results below, our subsidiaries AWSB, TWS and Qudotech have received zero customer complaints for the past 3 years.

This reflects our collective commitment to exceed customers' expectations and prioritise customer satisfaction throughout our operations.

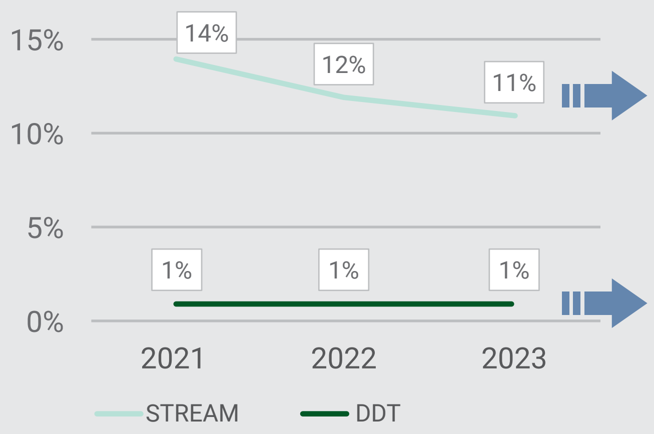
Products & Services Responsibility (Cont'd)

GRI 3-2 , 3-3

Customer Complaints (Cont'd)

Referring to Figure 4 shown below, STREAM and DDT's customer complaints have either declined or maintained over the years. Majority of our customer complaints are consistently addressed within the required time frame.

Figure 4: Customer Complaint Rate (%)



STREAM achieved a **1% decline** in customer complaints from 2022, showcasing our commitment to improving business operations and client interactions.

DDT maintained a steady 1% complaint rate over three years, highlighting our focus on providing dependable solutions.

Supply Chain Management

GRI 3-2 , 3-3 , 204-1

Supply chain management involves the holistic and strategic coordination of a series of interconnected activities, processes and resources involved in the production, procurement, transformation, distribution and eventual delivery of goods and services to customers. As a player in diverse industries, AWC's commitment to delivering value to its stakeholders depends on our ability to navigate our supply chain strategically.

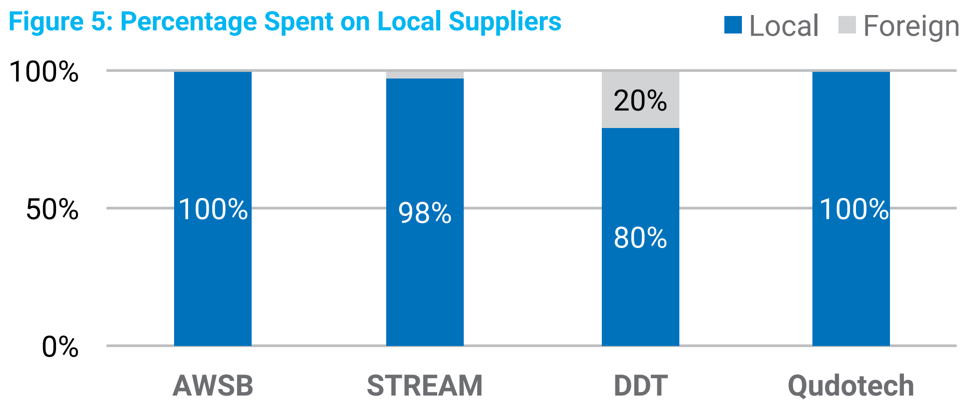
This is achieved by enhancing our procurement procedures to guarantee the inclusion of top-tier suppliers, thus ensuring uncompromising quality. Furthermore, we increased our efforts in sourcing local supplies and exploring viable alternatives. By maintaining a substantial pool of suppliers to choose from, we have strengthened our ability to make informed decisions that align with our sustainability objectives

Expenditure on Local Suppliers

Prioritising expenditures on local suppliers not only fosters national economic growth by generating jobs and supporting local communities but also minimises environmental impact through reduced transportation distances. Additionally, this would improve supply chain resilience during disruptions and enhance quality control through closer oversight.

The charts below reflect our commitment to sourcing suppliers locally whenever possible. Overall, all subsidiaries have maintained their respective supplier compositions.

Figure 5: Percentage Spent on Local Suppliers



2022:	100%	98%	80%	100%
2021:	100%	62%	80%	100%

Note:
TWS currently uses mainly foreign suppliers as the supplies required are not available in Malaysia. Local suppliers will be engaged only where applicable.

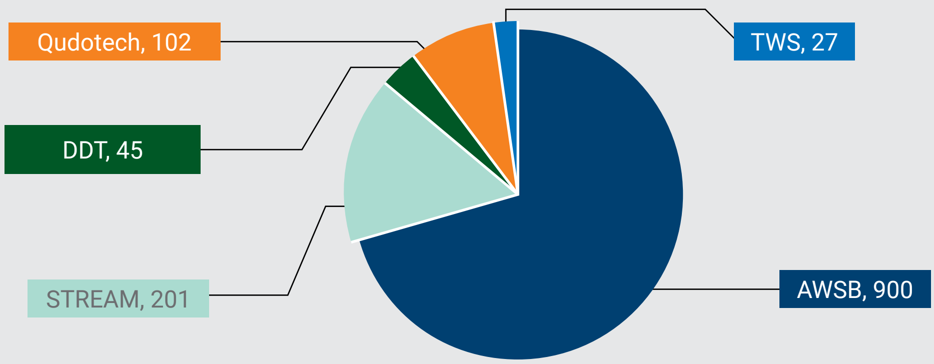
Supply Chain Management (Cont'd)

GRI 3-2 , 3-3 , 204-1

Supplier Relationships and Dependency

While strengthening relationships with our suppliers, we must also avoid relying too heavily on any one supplier to mitigate risks associated with potential disruptions. We diversify our supplier base to safeguard against unforeseen disruptions and stay agile in changing market conditions.

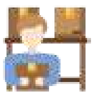
Figure 6: Number of Suppliers



In 2023, AWC had a total of 1,275 suppliers across the group. To ensure that our suppliers operate ethically, AWC performs the following practices periodically:

Conduct background checks

Monitor supplier performance to meet minimum requirements



Evaluate all active suppliers

In instances of non-compliance by suppliers, we implement the following measures:

Warnings via Meetings/Memos

Issuance of Non-Conformance Reports *for rectifications to be done. Charges are incurred by the supplier(s).*

Supplier Termination

Defective Items are Returned/Replaced *Payments may be put on hold*

We value open communication with our suppliers and contractors, encouraging them to voice concerns via calls, emails and meetings. Regular discussions and ongoing communication channels are used to improve collaborations.

In line with our commitment to progress, our procurement practices are consistently evolving. We conduct annual reviews based on ISO standards to streamline and enhance the procurement process.

Climate-Related Financial Risks & Opportunities GRI 3-2 , 3-3 , 201-2

Climate-Related Financial Risks and Opportunities refer to the financial impacts and opportunities that arise due to climate change and its associated challenges and solutions. These can encompass a wide range of factors, including

- **physical risks** such as damage from extreme weather events
- **transition risks** like policy changes or shifts in market demand for fossil fuels
- **opportunities related to the transition to a low-carbon economy** such as investing in renewable energy

Following a sustainability training and workshop conducted this year, leaders across the group now fully understand the importance/significance of this matter in achieving business sustainability for the Group, especially with regards to:

Risk Management

Understanding and assessing climate-related financial risks is crucial for AWC to **protect its assets and investments**. This includes **identifying vulnerabilities in its operations** to climate-related events, such as flooding or supply chain disruptions, and developing strategies to mitigate these risks.

Regulatory Compliance

We are aware that Bursa Malaysia's **mandate on climate change-related disclosures** in line with the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations would affect us. We are working towards adhering to these requirements.

Market Opportunities

The transition to a low-carbon economy presents opportunities for innovation and investment in renewable energy, green technologies and eco-friendly solutions. Our Group has **the advantage of positioning related products and services** such as our **waste management systems and rainwater harvesting solutions** to benefit from these emerging markets.

Cost Reduction and Efficiency

Embracing climate-friendly practices, such as energy efficiency and waste reduction, can lead to cost savings over time. These practices not only **reduce operational expenses** but also align with sustainability goals, making AWC a more **attractive choice for environmentally-conscious clients** and **investors**.

With this new awareness, the Group has agreed to be more intentional in managing the above risks and opportunities and is committed to disclosing such efforts in the next few years.

Environmental

AWC Berhad acknowledges its responsibility to minimise its environmental impact in order to:

- reduce operational costs and enhance efficiency.
- fulfil its commitment to ethical and responsible business practices.
- meet the expectations of environmentally conscious stakeholders.
- preserve natural resources for future generations.
- align with national and global efforts to combat climate change.

In this section, we delve into how AWC Berhad manages the material matters related to the Environmental aspect.

Waste Management

Water Management

Energy Management

Emissions Management

Waste Management

GRI 3-2 , 3-3, 306-2

Waste management involves the systematic handling of waste through collection, treatment, recycling and disposal processes. As a prominent environmental engineering firm, AWC specialises in tailoring waste management solutions to meet Malaysia's waste disposal needs. Our approach aligns with stringent industry standards and regulatory requirements, reflecting our dedication to environmental health and safety.

For many years, AWC has been delivering sustainable waste management solutions in Malaysia through the Automated Pneumatic Waste Collection Disposal System and Automated Gravity Vacuum Waste Management.

Figure 7: Automated Pneumatic Waste Collection Disposal System

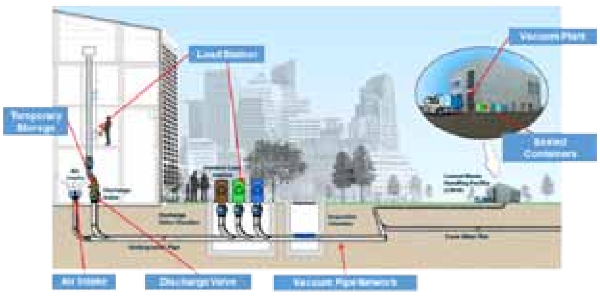
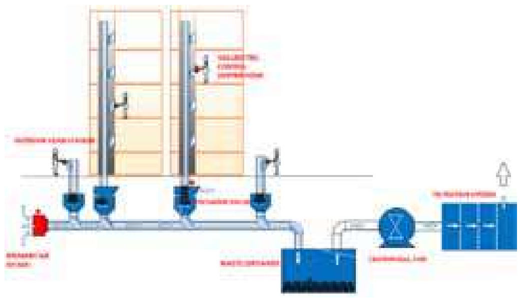


Figure 8: Automated Gravity Vacuum Waste Management



Within the STREAM subsidiary, these are some of the waste management initiatives that we are currently practising:

- **scraping metal waste**
- **reusing oil**
- **returning wooden crates**
- **properly disposing of items like spray paint cans in regular waste bins** through a third-party service

We consistently improve our production planning and design through innovation and process improvement. We conduct frequent tests and training to improve material utilisation and reduce waste.

By doing all this, we expect not only to be more transparent about our waste management but also to save cost by using materials more efficiently. We understand in order to improve our waste management effectively, we would need to find ways to track and measure our waste.

Water Management

GRI 3-2 , 3-3 , 303-1 , 303-5

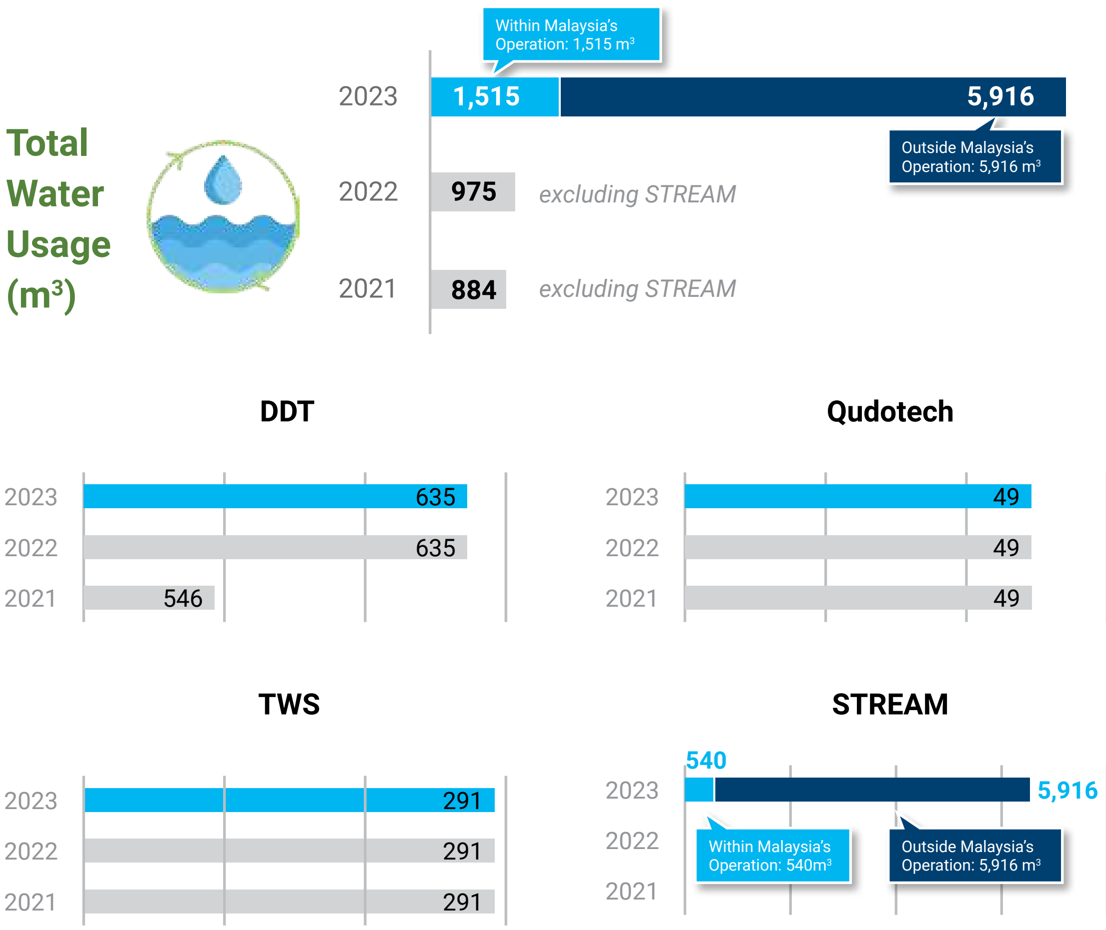
The management of water is important to AWC, driven by the understanding that efficient and responsible water usage is essential for our operational continuity. Additionally, we have an important role to play in safeguarding ecosystems and supporting local communities in water-related challenges.

Water Usage

The graph below displays the total water consumption for the Group. It also breaks down water consumption by each subsidiary, except for AWSB, as their business operations are primarily on-site and water consumption is borne by the clients.

DDT, Qudotech and TWS have maintained their water usage levels compared to 2022. The noticeable increase in water consumption levels is primarily attributed to the inclusion of STREAM's water usage as we continue to enhance our tracking methods to ensure a more comprehensive disclosure of our business impact.

Figure 9: Total Water Usage (m^3) broken down by subsidiary



Note: Some of the figures above are estimates based on the latest available data.

Water Management (Cont'd)

GRI 3-2 , 3-3 , 303-1 , 303-5

Responsible Water Management

AWC also demonstrates a strong commitment to responsible water management through our products and services. With our engineering subsidiary, DDT, we provide solutions for rainwater harvesting and water treatment systems to support water conservation and enhance water quality.

Rainwater Harvesting (RWH) Systems

RWH is the collection and storage of rainwater that falls on rooftops and surfaces. AWC recognises that rainwater collection plays a crucial role in reducing daily water usage. Hence, DDT offers a range of services to install RWH systems for residential, commercial and industrial purposes.

Water Treatment Systems

DDT offers a wide range of water treatment products and consulting services. Water treatment involves the process of purifying and cleansing water to make it safe for various applications by eliminating impurities and contaminants and using advanced technology to enhance water quality.

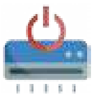
One of our products, Best Water Technology (BWT), has been supplied to commercial buildings for the past two years. This year marks the introduction of consumer-oriented products, specifically our BWT water filtration equipment. These products are designed to improve water quality and safety while promoting eco-friendly practices. By using BWT's water filtration equipment, both businesses and individuals can reduce their reliance on single-use plastic bottles, minimise the energy demands of water treatment, and contribute to a more sustainable approach to water management. The pictures below show the opening of our first store this year.

Energy Management

GRI 3-2 , 3-3 , 302-1 , 302-4

Energy management means efficiently planning, optimising, and controlling energy use in an organisation for cost-effectiveness and sustainable energy use. This is crucial to us because it helps us to run more efficiently, save costs, and be environmentally responsible, ensuring a sustainable and competitive future.

In 2023, the total energy consumption was 310,550 kWh. To lower the electricity consumption, the group remains committed to the following practices:



Turning off air-conditioning when not in use

Switching off electrical appliances when not needed

Utilise energy-efficient LED lamps

Figure 10: Total Energy Consumption (kWh)

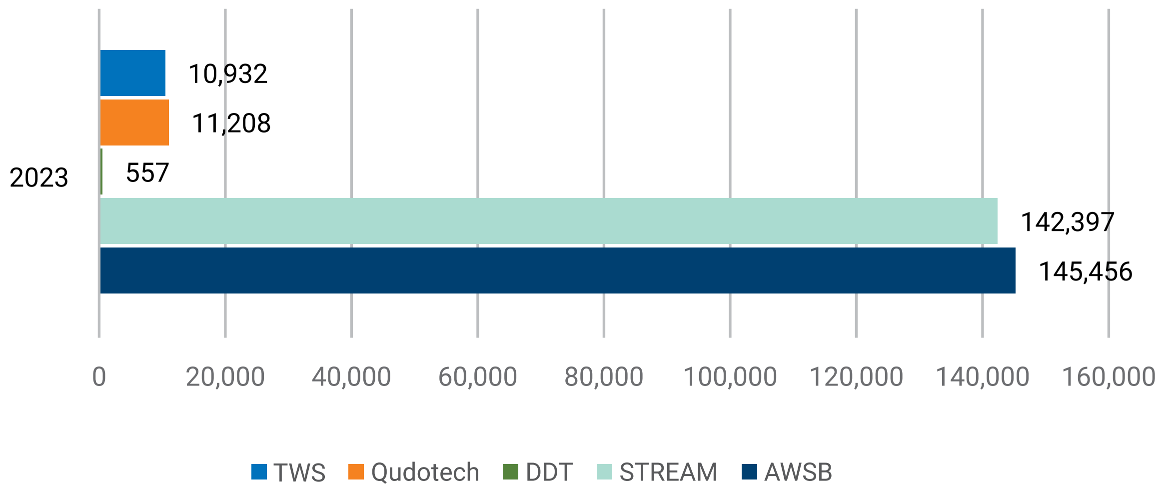


Table 1: 2021 - 2023 Energy Consumption (RM, kWh)

Subsidiaries:	2021 (RM)	2022 (RM)	2023 (RM)	2023 (kWh)
AWSB	–	–	78,692	145,456
STREAM	–	–	77,387	142,397
DDT	156	180	180	557
Qudotech	10,749	8,104	7,829	11,208
TWS	6,776	6,804	7,633	10,932
Total	17,681	15,088	**171,721**	**310,550**

Emission Management

GRI 3-2, 3-3, 302-1, 302-3, 302-4, 305-1, 305-2, 305-5

Emission management encompasses a comprehensive plan aimed at measuring, mitigating and minimising greenhouse gas emissions, pollutants and other environmental stressors arising from its operations.

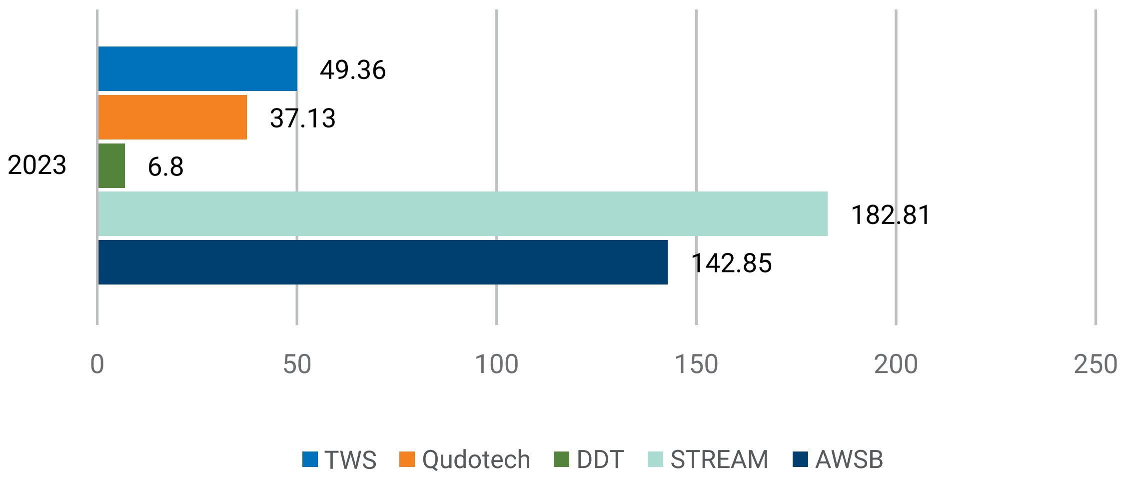
For AWC, we are at the beginning stages of measuring the carbon emissions as a result of our business, whether directly or indirectly. In this section, we attempt to track and report on the following scopes as defined by the Greenhouse Gas (GHG) Protocol:

1. **Scope 1**: Direct emissions from owned or controlled sources.
2. **Scope 2**: Indirect emissions from the generation of purchased energy
3. **Scope 3**: Indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Scope 1

The chart below reveals an overview of the carbon emissions, expressed in metric tons of carbon dioxide equivalent (tCO_2e), associated with the operations of the Group. The carbon footprint is estimated based on fuel or diesel used for the entire year using the LCOS SME Carbon Footprint Snapshot from Malaysian Green Technology and Climate Change Corporation.

Figure 11: Scope 1 - Estimated Carbon Footprint *(tCO_2e)*



Based on this chart, STREAM contributes a significantly higher carbon footprint than the other subsidiaries. This is primarily attributed to STREAM's ownership of 19 company vehicles within the subsidiary.

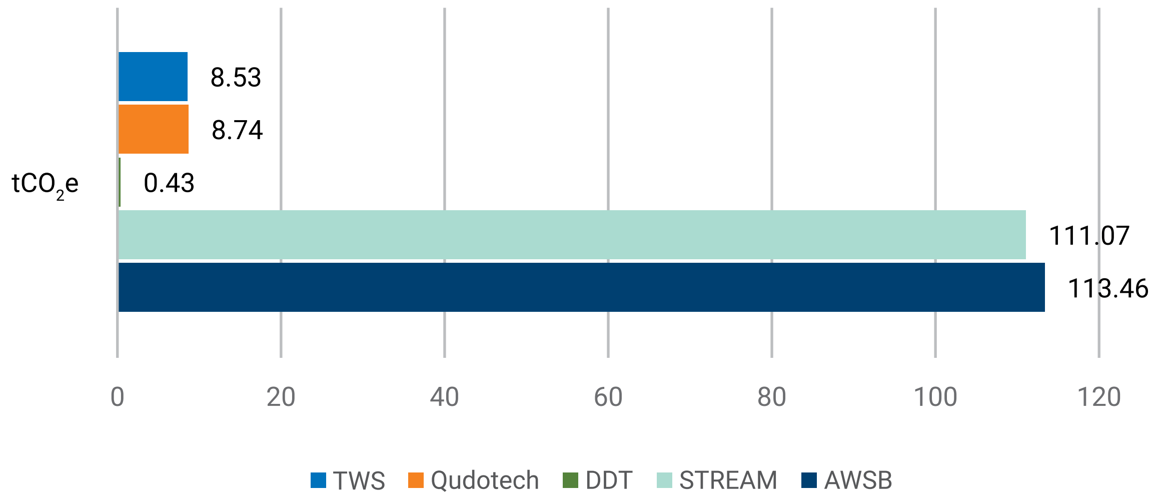
Emission Management (Cont'd)

GRI 3-2, 3-3, 302-1, 302-3, 302-4, 305-1, 305-2, 305-5

Scope 2

As per the chart below, the carbon footprint is estimated based on the electricity used for the entire year using the LCOS SME Carbon Footprint Snapshot from Malaysian Green Technology and Climate Change Corporation.

Figure 12: Scope 2 - Estimated Carbon Footprint *(tCO_2e)*



Based on this chart, it is evident that AWSB and STREAM have significantly higher carbon footprints compared to the other subsidiaries. AWSB, being the largest subsidiary with 12 units, and STREAM, which has subsidiaries outside Malaysia, are the primary contributors.

Scope 3

The group has yet to track the carbon footprint for Scope 3 measures.

However, during a sustainability training and workshop conducted this year, leaders across the Group were aware of the need for this disclosure and will be working towards disclosing our impact on this in the following years.

SOCIAL

AWC Berhad's operations impact the communities in which it operates. Social sustainability is a fundamental aspect of our ethos, focusing on

- fair employment practices
- health and safety of our people
- community engagement

We understand the importance of the above aspects in building strong, lasting relationships with our stakeholders and ensuring a positive impact on society as a whole.

In this section, we delve into how AWC Berhad manages the material matters related to the Social aspect.

Health & Safety Management

Labour Practices & Standards

Diversity

Community/Society

Health & Safety Management

GRI 3-2 , 3-3 , 403-1, 403-2, 403-3, 403-4, 403-5, 403-7, 403-9

We firmly believe that a healthy workforce is the backbone of our success, and we continuously implement measures to safeguard the well-being of our employees.

Some of our subsidiaries operate in high-risk settings, so we proactively implement health and safety initiatives and conduct workplace audits. This ensures that our employees are well-equipped for their roles while maintaining a safe work-life balance.

Below is our safety performance for the year:

0 Fatalities

*There were **no fatalities** across the group.*

1 Injury

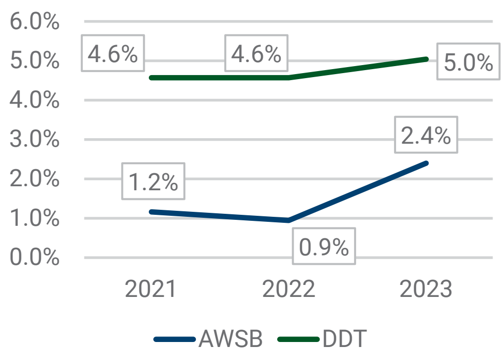
*There was an injury reported with a Lost Time Injury Frequency of **0.55**.*

In order to improve our Health & Safety performance, the team has committed to the following key actions:

1. Ensure that all relevant staff **attends the necessary site meetings**
2. Submit all **required documents** (i.e., monthly safety documents)
3. Appoint translator(s) during safety briefings to ensure that the **content is fully understood** by all staff, both local and international.

Employees' Well-Being

Figure 13: Absenteeism Rate



For subsidiaries with lower-risk work environments, we use the absenteeism rate as a measure of our employees' well-being.

As shown in the chart on the left, the **absenteeism rate has increased** over the past three years, corresponding with our **transition back to working at both client locations and our own offices**.

To address influenza outbreaks, we have encouraged mask-wearing and urged our employees to take sick leave if they feel unwell.

Health & Safety Management (Cont'd)

GRI 3-2 , 3-3 , 403-1, 403-2, 403-3, 403-4, 403-5, 403-7, 403-9

In addition to responsive measures, our efforts also encompass the prevention and effective management of safety incidents, as well as the promotion of our employees' overall well-being. These initiatives include:

Safety Training

Occupational Safety and Health Administration (OSHA) requires employers to provide training to employees who face hazards on the job in order to prevent and protect them from harm. Employees who require the training would be receiving this training during their onboarding.

With that said, most employees have already completed their training in the previous years, hence only a small number of employees are sent for the OSHA training during the year 2023, as shown on the right:

6 STREAM *employees attended the OSHA training in 2023*

1 DDT *employee attended the OSHA training*

Surveying of Work Areas

The Group carry out thorough inspections of both work areas and equipment to ensure everything is in optimal condition. The frequency of the surveys is based on the need of the business (for the different subsidiaries), from as frequent as daily surveys to annual surveys.

Investment in Insurance Coverage

Recognising the inevitability of accidents at times, we allocated a sum of RM399,264 group-wide to ensure insurance coverage for our employees. This shows our steadfast dedication to upholding their well-being.

Embracing Healthier Work Hours

We have transitioned from 12-hour shifts to more sustainable 8–9-hour workdays. This change reflects our commitment to health and productivity, aiming to mitigate strain and enhance work-life balance for our employees.

In essence, safeguarding our employees' well-being remains paramount. This begins with an unwavering focus on safety and health as foundational elements. By prioritising these, we pave the way for a sustainable, highly productive workforce that is equipped to thrive and contribute to our collective success.

Diversity

GRI 2-7, 3-2 , 3-3 , 405-1

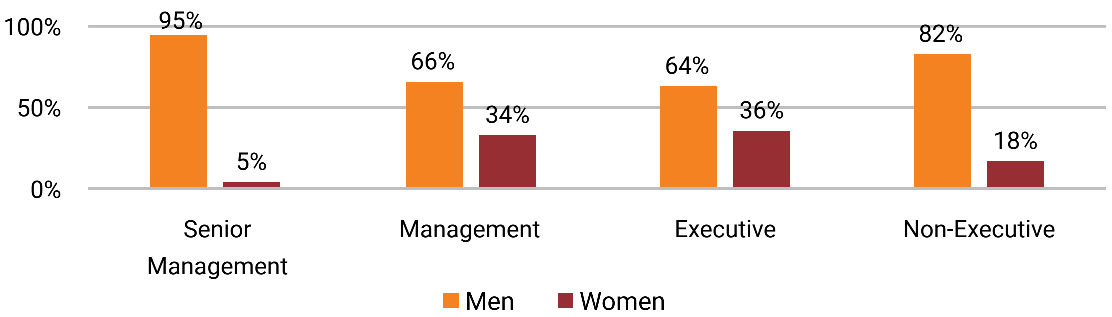
Diversity refers to the inclusion and representation of individuals from various backgrounds, including differences in gender, race, ethnicity, age, and more, within an organisation. Diversity is important to AWC as it fosters innovation, encourages different perspectives, and promotes a dynamic and inclusive workplace culture.

Embracing diversity enables the Group to better serve its diverse customer base and adapt to the evolving needs of its markets, ultimately contributing to its long-term success.

Diverse Workforce

We have both male and female representatives at all levels in the company. However, since our industry often involves physically demanding work that requires more experience, it is not surprising that we have more male employees. It is worth noting that we do have more female representatives in management and executive positions, which typically are less labour-intensive.

Figure 14: Positions by Gender



The workforce at AWC is ethnically diverse, as seen in Figure 15, the Malay population forming the largest segment, followed by Other ethnicities, the Chinese community and subsequently, the Indian community.

The composition of our Group's workforce comprises a blend of both young and experienced individuals. Over the years, we have maintained consistent ratios of age groups within our workforce. In recent times, we have successfully expanded our workforce, achieving a growth in numbers as seen in Figure 16.

Figure 15: Group Ethnicity

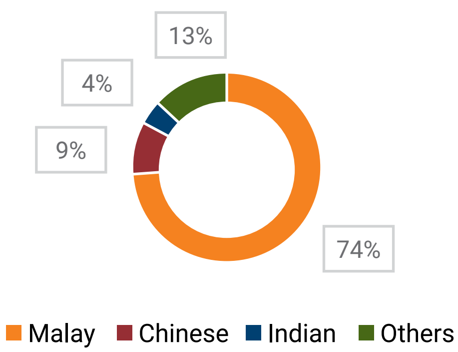
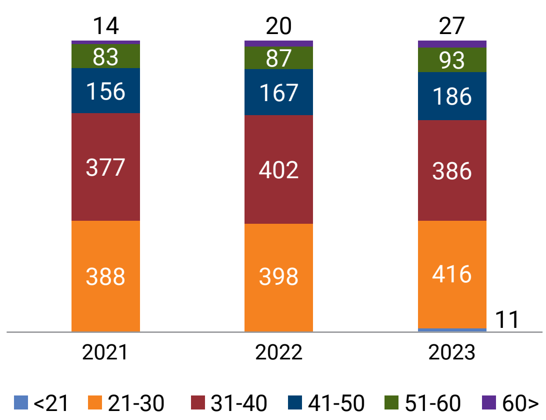


Figure 16: Workforce by Age



Diversity (Cont'd)

GRI 2-7, 3-2 , 3-3 , 405-1

Composition of the Board of Directors

The Board consists of 5 people in total, including the Chief Executive Officer (CEO). Currently, we have representatives of both genders on the Board as well as different age groups above 40 years old due to the need to have specific and extensive experience in the industries on the Board.

Figure 17: Board Members by Gender

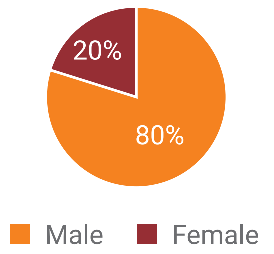
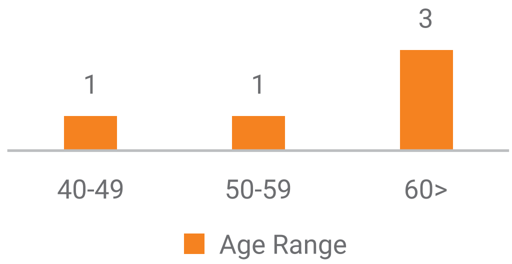


Figure 18: Board Members by Age



Diversity in New Hires

Throughout the financial year, AWC's workforce has experienced a significant boost with the addition of 351 new male employees and 91 new female employees.

351
New Male Employees

91
New Female Employees

Moreover, a substantial portion of our new hires are from the younger generation in order to succeed the existing and growing workforce.

57%
of employees are between 21-30 years-old

Diversity Policy

AWC is dedicated to promote gender diversity with the goal of increasing the presence of women in senior management and fostering an inclusive work environment. This commitment extends throughout the company, encompassing directors and employees, and aims to **achieve a 30% female representation on the board by 2025**. To realise this goal, we are taking concrete steps, which include setting board representation targets, implementing gender diversity action plans with specific objectives, offering unconscious bias training, and nurturing an inclusive workplace culture that supports women's career growth.

Labour Practices & Standards

GRI 3-2 , 3-3 ,405-2 , 404-1, 404-2, 404-3

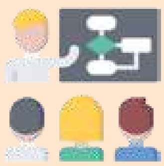
Labour Practices and Standards encompass the policies and procedures governing how we manage our workforce, ensuring fair treatment, developing our talent and adhering to legal and ethical employment practices. This is important to AWC as it helps to foster a positive work environment, attract and retain top talent, and align with global sustainability goals, ultimately contributing to the company's long-term success and reputation.

Listed below is our performance for the year:

32 hours
of training per employee

RM390K
spent on employee support programs

0 Cases
of Human Rights Violations and Union/HR-related Incidents

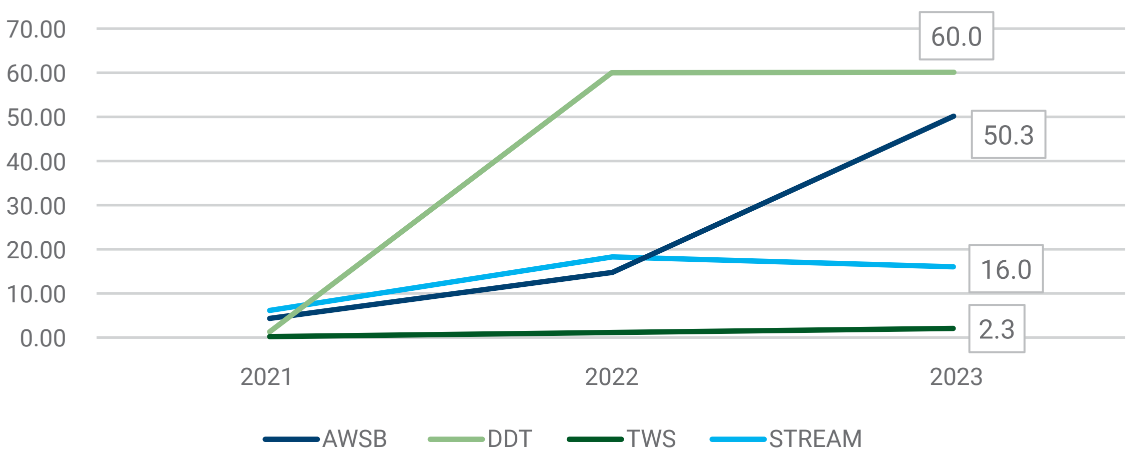


RM519.27
average amount spent on training per employee

Training & Development

We have increased training frequency for our workforce, reflecting our commitment to talent development. However, due to impacts from the COVID-19 as well as budget constraints, Qudotech was unable to conduct any training in 2023. The data below shows average training hours per full-time employee for the other subsidiaries.

Figure 19: Average hours of training and development



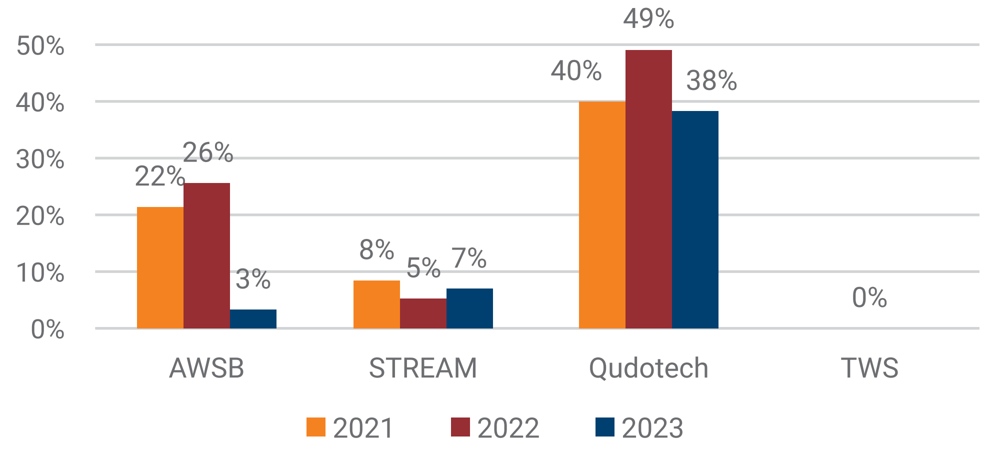
Labour Practices & Standards (Cont'd)

GRI 3-2 , 3-3 ,405-2 , 404-1, 404-2, 404-3

Employee Turnover

Over the past years, most of our subsidiaries managed to decrease their turnover rate. The only exception here is STREAM which had a slight increase in turnover rate for 2023. Qudotech generally has a high turnover rate because the majority of its workforce is on a contract basis.

Figure 20: Employee Turnover Rate



Executive
28 employees

Senior Management
2 employees

Management
6 employees

Non-Executive
153 employees

Contract Staff

Due to the nature of our businesses, most of our workforce consists of contract employees. Given the company's involvement in a wide spectrum of projects, spanning from minor to extensive endeavours, the engagement of specialised contractors becomes important to ensure effective project execution.

71%
Contract Employees

29%
Permanent Employees

Community/Society

GRI 3-2 , 3-3 ,413-1

We believe that our responsibility extends beyond our business operations. This section provides an insightful overview of our Corporate Social Responsibility (CSR) initiatives and philanthropic efforts aimed at fostering positive change within the communities we operate in. Through our unwavering commitment, we strive to make a lasting impact by empowering and supporting the less fortunate.

Listed below is our performance for the year:

CSR Initiatives

RM22,500

given to help compensate workers for disasters

This aid was provided to AWC employees who had lost their homes in floods and fires.

RM84,000

spent on employees to ease their livelihood

99 Speedmart vouchers were provided as a means of living aid, 67 beneficiaries received this aid.

Philanthropic Efforts

RM10,000

sent to Kiwanis to support the less fortunate

Kiwanis empowers communities to improve the world by making lasting differences in the lives of children. STREAM sponsors Kiwanis to distribute the funds to the less fortunate.

GOVERNANCE

In today's changing business environment, governance is crucial for responsible and ethical corporate behaviour.

Governance forms the bedrock of AWC Berhad's ethical conduct and ensures:

- Transparency
- Accountability
- Integrity

across all levels of the Group.

By adhering to strong governance practices, we continue to build and maintain trust with our stakeholders and strengthen our commitment to sustainable business operations.

In this section, we delve into how AWC Berhad manages the material matters related to the Governance aspect.

Anti-Corruption

Data Privacy and Security

Anti-Corruption

GRI 3-2 , 3-3 ,205-1 , 205-2

Anti-corruption refers to the comprehensive set of measures and practices aimed at preventing, detecting, and mitigating corrupt activities within an organisation, ensuring ethical and transparent conduct.

It is of utmost importance to AWC to uphold the highest standards of integrity, legal compliance, and ethical behaviour. By combatting corruption, we safeguard our reputation, cultivate a fair business environment, maintain trust among our stakeholders, and secure our long-term business success.

Anti-Corruption Policies, Initiatives and Results

This year, we improved our anti-corruption policies and practices by organising Bribery Risk Awareness Training for 10% of our employees. We have zero reported incidents of corruption, no public legal cases related to corruption and no termination of business partnerships due to corruption violations. This is the result of our dedication to cultivate a corruption-free environment within our organisation and the wider community.

0 Termination
of contracts with business partners

0 Cases
related to corruption

AWC firmly combats bribery and corruption through rigorous policies and practices, which include:

Zero Tolerance
against corruption, across the organisation and partnerships.

Robust Safeguards
with clear codes of ethics and an anonymous whistleblowing channel.

Hold Accountability
towards policy violations. Policy violators will face significant consequences.

Data Privacy and Security

GRI 3-2 , 3-3 ,418-1

Data Privacy and Security entails safeguarding sensitive information and ensuring compliance with data protection regulations.

It is important to AWC as it not only protects the privacy of customers and employees but also shields the company from legal and reputational risks. Ensuring data privacy and security maintains trust, supports business continuity, and aligns with our commitment to ethical and responsible practices in today's digital age.

Strengthening Data Privacy and Security

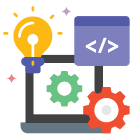
In the past year, AWC encountered a ransomware attack that compromised all programs and data on our servers, including real-time backups. This unfortunate incident brought operations to a standstill and highlighted the urgent need for a robust security strategy.

AWC's Immediate Response

In the face of the attack, we swiftly executed a plan. We reformatted our servers and backup systems, initiating the restoration of programs and data from older offline backup copies. This proactive approach enabled us to recover lost information efficiently and minimise the disruption caused by the attack.

Preventive Measures for the Future

After handling the breach, AWC also looked ahead by implementing a series of measures to prevent future attacks:



Manage Detection and Respond

A new software was installed to automatically isolate infected computers that could not be cleansed

Real-Time Backup

A new system for real-time backup was implemented, limiting possible data loss to a maximum of a few days

Off-site Backup

Weekly off-site backups are also executed to minimises potential data loss to a maximum of one week.

With the above efforts, we aim to minimise cyber risks and protect our business operations, as well as our stakeholders' data and interests.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF BUSINESS ACTIVITIES

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

NO.	Division	CORE ACTIVITIES
1.	Facilities Division	Provides integrated facilities management ("IFM") services for the buildings and facilities maintained by the division. This includes biomedical, facilities engineering maintenance services, security and cleaning services. This division's main source of income is derived from a Concession awarded by the Federal Government to provide IFM services to the Southern Zone (comprising states of Johor, Malacca and Negeri Sembilan) and Sarawak. In addition to the Concession, we have been contracted to undertake the Critical Asset Refurbishment Programme ("CARP"), whereby we will undertake repairs, refurbishments and replacements of critical assets as predetermined by the Federal Government in the buildings and facilities under the Concession. The tenure for both the Concession and CARP is for a ten-year period from 1 January 2016 till 31 December 2025. The division also carries out IFM work for Commercial and Healthcare segments. The subsidiary companies operating under this division are Ambang Wira Sdn Bhd, Ambang Wira Facilities Sdn Bhd (formerly known as AW Facility Management Sdn Bhd) and Ambang Wira Healthcare Sdn Bhd (formerly known as Environmental & Landscape Services Sdn Bhd).
2.	Environment Division	This division provides the design, supply, installation, testing and commissioning of automated pneumatic waste collection systems under the proprietary brand of 'STREAM' ("STREAM PWCS") with on-going projects located in Malaysia, Singapore, Taiwan, Hong Kong, India and the Middle East. This division also undertakes operations and maintenance ("O&M") services of its STREAM PWCS for its clientele, where required. The subsidiary companies operating under this division are Stream Group Sdn Bhd (formerly known as Nexaldes Sdn Bhd), Stream Environment Sdn Bhd, Stream Environment (S) Pte Ltd, Stream Group Sdn Bhd, Nexaldes Sdn Bhd (Abu Dhabi), Stream Industries Sdn Bhd, Premium Patents Sdn Bhd and Stream Automated Waste W.L.L. (collectively, "Stream Group").
3.	Engineering Division	This division is a distributor of several international brands of building controls and engineering components for heating, ventilation and air conditioning (or commonly known as "HVAC") systems and provider of building management systems in Malaysia and Singapore. The division undertakes larger projects in the HVAC field as a contractor for the implementation of full air conditioning systems and other Mechanical and Electrical Engineering ("M&E") works for buildings and facilities. These activities are carried out via M & C Engineering and Trading Sdn Bhd and M & C Engineering and Trading (S) Pte Ltd. It also undertakes all types of plumbing related works including cold/hot water and sanitary plumbing, via Qudotech Sdn Bhd ("Qudotech"). Qudotech has been active in the field since 1995 and is currently implementing several significant projects. Another wholly-owned subsidiary, DD Tehniche Sdn Bhd ("DDT") holds two exclusive dealerships for the distribution of Rainwater Harvesting Components and Products ("RHCP") in Malaysia. DDT undertakes the design, supply and installation of RHCP for all new and refurbished buildings. The plumbing and RHCP businesses are carried out via Qudotech and DDT.

OVERVIEW OF BUSINESS ACTIVITIES (CONT'D)

AWC Berhad is an investment holding company with three core activities undertaken by its subsidiaries, providing Total Building Solutions in the following divisions (Cont'd):-

NO.	Division	CORE ACTIVITIES
4.	Rail Division	The division provides railway construction and maintenance solutions by supplying and providing specialised services in the areas of the railway track, depot and rolling stock. This ranges from the manufacturing and trading of track materials, tools, equipment and machinery, supplying of depot equipment and tools, supplying rollingstock components and interior works, to providing track diagnostics and monitoring systems in Malaysia. It is also able to provide refurbishment works and maintenance activities for rolling stock, equipment and for machinery as well as specialised services such as design, engineering, technical support and supervision for track construction or maintenance activities. Additionally, this division represents Principals from Europe, USA, Australia and China who manufacture and supply lifting equipment, precast polymer concrete crossing, track construction machinery, buffer stops, wheels, prestressed concrete sleepers, rail fastenings, turnouts, crossings and expansion joints. The division's customers comprise all rail asset owners and operators in Malaysia.

OBJECTIVES & STRATEGIES

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

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

a) Analysis of current business environment together with commercial updates and unique challenges experienced by each division. We analyse the outlook, challenges and prospects for the immediate future (i.e. the next two financial years), and prospects beyond that, both from an operational and financial point of view. With our assessment of the future in hand, we then strategise our way forward to best face the challenges and also to take advantage of opportunities that may present themselves.

b) Divisional objectives together with the corresponding strategic directions and action plans to be embarked upon to:-

   i. achieve the prescribed targets and goals.
   ii. address the specific circumstances and challenges affecting each division in achieving those targets and goals.

c) An assessment of various risks associated with each division and the overall Group, and also of controls in place or planned to address or mitigate these risks.

d) Assessment and justification of requirements envisaged to undertake the business plan and towards achieving set objectives.

e) Action plans to be undertaken to head in the appropriate direction or to achieve set objectives.

f) Clearly defined management accountabilities and operational responsibilities.

g) Proposed timeline for the implementation and achievement where relevant of each strategic direction and action plan.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OBJECTIVES & STRATEGIES (CONT'D)

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

h) A framework for the control and monitoring of the progress of every strategic direction and action plan implemented. This would enable us to vary and/or re-strategise our action plans to take into account the situation on the ground.

i) Renewed focus on developing and growing the Group's Environmental, Social and Governance (ESG) related businesses and facilitate the continuing growth of the Group's core business as a diverse ESG player.

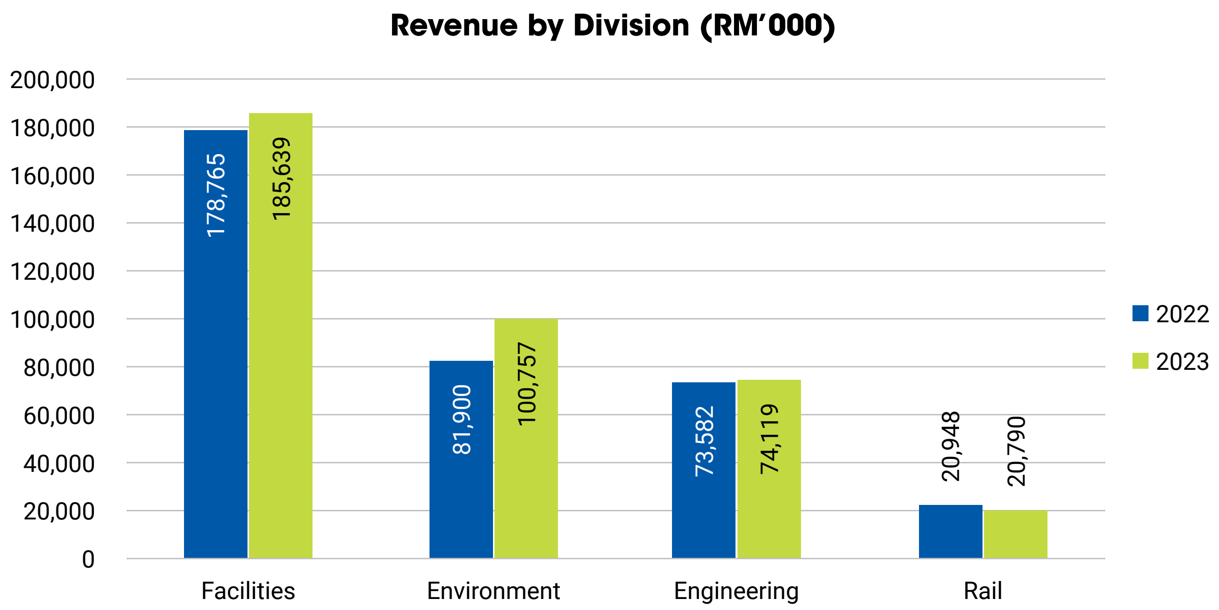
The annual budget exercise deals with the above matters but goes into more depth looking at contemporary business conditions and updates. We regularly review the Income Statement and Balance Sheet on a detailed basis for each division and subsidiary. We cover revenue (current and projected), progress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

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

REVIEW OF FINANCIAL RESULTS AND OPERATING ACTIVITIES

Revenue

The Group reported RM381.3 million in revenue, an increase of 7.4% as compared to FYE 2022 revenue of RM355.2 million. The Facilities division and Environment division had contributed the bulk of the growth in revenue for the Group followed with a decent growth from Engineering division whilst the revenue from the Rail division was largely unchanged. Breakdown of each division's revenue contributions is as follows:



REVIEW OF FINANCIAL RESULTS AND OPERATING ACTIVITIES (CONT'D)

Facilities Division

The Facilities division reported a revenue of RM185.6 million for FYE 2023 which made up 48.7% of our total Group revenue, representing a growth of 3.8% against RM178.8 million from FYE 2022, growth of which was largely contributed by the following:

a) Full year contribution from new contracts secured in the previous financial year including National Institute of Health (NIH) and Hospital Orang Asli Gombak (HOAG) which contributed RM20.6 million in revenue.

b) The commencement of new contracts secured under the Hospital Support Services (HSS) segment during the year including PSK Perak and IKN.

c) Additional works from Concession sites under JKR.

The division reported its first ever loss in its history amounting to RM5.9 million in FYE 2023 as compared to a profit of RM11.7 million in FYE 2022 primarily impacted by the following items:

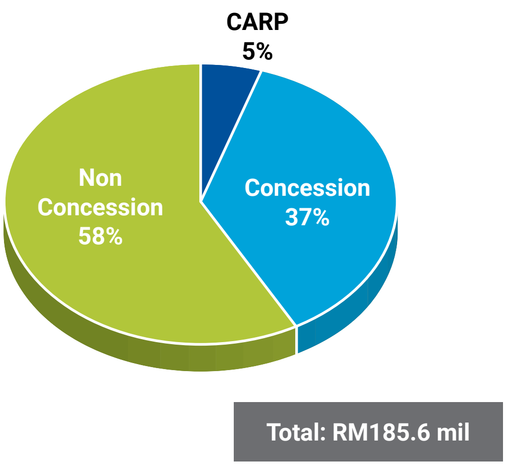
(i) Impairment of receivables amounting to approximately RM4.5 million (including RM2.9 million due from a related company under the Engineering division).

(ii) Increase in operating expenditures due to impact of Minimum Wage Ordinance 2022 and amendments to the Employment Act amounting to more than RM5.0 million.

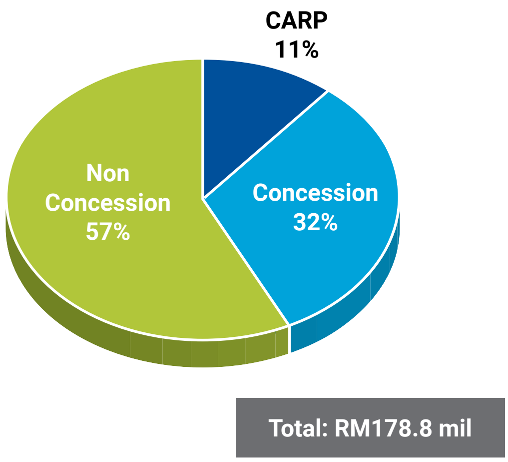
(iii) Costs from unscheduled works amounting to approximately RM5.0 million.

The businesses in the Facilities division are broken into the Concession and Non-Concession segments. The Concession segment contributed approximately 36.5% to the total revenue of Facilities division in FYE 2023 whilst the Non-Concession segment contributed 58.0%. The remaining revenue was contributed by Critical Asset Refurbishment Programmes (CARP) under our concession with the Federal Government.

Revenue by Segment 2023



Revenue by Segment 2022



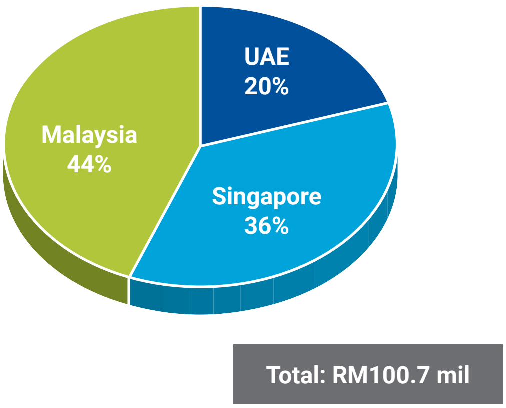
REVIEW OF FINANCIAL RESULTS AND OPERATING ACTIVITIES (CONT'D)

Environment Division

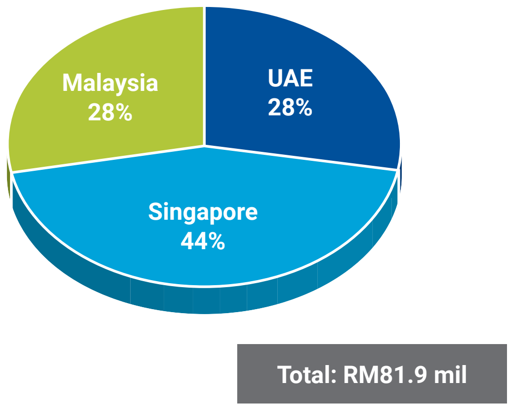
The Environment division contributed approximately 26.4% to our total Group revenue with RM100.7 million in revenue for FYE 2023, growing significantly by 23.0% from the revenue of RM81.9 million in FYE 2022. The growth in revenue was made possible by the rapid progress experienced by Stream projects in Malaysia and Singapore. The strong growth in revenue during the year under review was however not reflected in the bottom-line performance of the division. The factors that resulted in the lower profits was mainly due to several projects in Singapore turning onerous amounting to RM4.2 million, the downward revision of gross profit margin for a project in Singapore by RM1.7 million and impairment on trade receivables of RM1.6 million. On a more positive note, the division had managed to strongly replenish its order-book during FYE 2023 owing to stronger pick-up in the property and building development market.

Projects completed and handed over during FYE 2023 includes Bali Residences, The Manor, Margaret Ville, Riverfront Residences, Singapore Integrated Care Hub, Singapore In Flight Catering Centre 1 @ Airport Boulevard, Piermount Grand, The Gazania, The Jovell @ Flora Drive, Jade Scape @ Shunfu Road, Parc Esta @ Sims Avenue and Stirling Residences.

Revenue by Segment 2023



Revenue by Segment 2022



Engineering Division

The Engineering division contributed 19.4% of the Group revenue or RM74.1 million in FYE 2023 as compared to RM73.6 million reported in FYE 2022, increasing slightly by 0.7%.

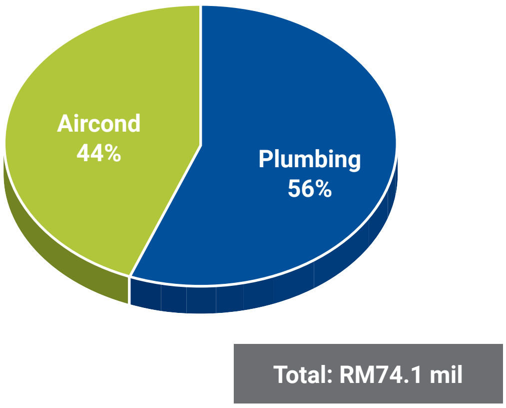
The major contributor to the stark improvement of the division's performance came from the turn-around of our Singapore air-conditioning unit where revenue grew by 34% year-on-year from RM24.7 million in FYE 2022 to RM33 million in FYE 2023. This was made possible by the pent-up demand and strong pick-up in sales trading of various mechanical and electrical opportunities and Building Automation System projects in Singapore. Our specialised plumbing segment and rainwater harvesting unit however experienced a degrowth as major projects of the division are nearing completion, the progress of which are as follows: Merdeka 118 project was at 88.9% as at end of FYE 2023 as compared to 72.6% in FYE 2022, the PNB 1194 stood at 86.7% as compared to end FYE 2022 progress of 68%. The progress of Lendlease Lifestyle Mall which is slated for Grand opening in November 2023 is at 99.7%.

The better revenue reported by the division had in turn resulted significantly improved profitability, surging by more than 100% to RM2.9 million in FYE 2023. The division booked losses related to impairment on contract assets amounting to RM3.2 million primarily arising from the 8 Conlay project, absence of which would have positioned the division for its best profitable year yet.

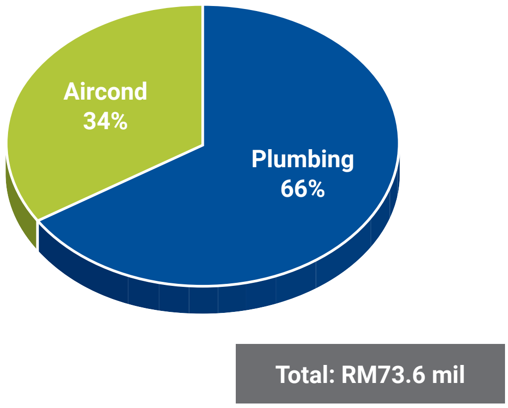
REVIEW OF FINANCIAL RESULTS AND OPERATING ACTIVITIES (CONT'D)

Engineering Division (Cont'd)

Revenue by Segment 2023



Revenue by Segment 2022



Rail Division

During FYE 2023, revenue for the division was relatively unchanged from the previous financial year, coming in at RM20.8 million, contributing 5.5% to the Group revenue in FYE 2023 as compared to RM20.9 million in FYE 2022. The delay in commencement and progress of major projects secured by the division including KTMB projects had resulted in lower revenue reported in FYE 2023. Unfavourable product mix contributing to lower margin for the division along with recognition of impairment loss on receivables amounting to RM1.4 million relating to a LRT refurbishment project had resulted in the lower profitability reported by the division.

Projects completed and handed over during the year includes: Various contracts for KTMB namely Supply, Delivery And Testing Of Bench-Top Circuit Diagnostics And Test System (PCB Analyser), Supply and Delivery of Mono-Block Wheel for SCS 92 Class, the upgrade and delivery of axle for Wagon and Coaches, Supply & Deliver Bodan Material and Tools For Public Level Crossing (Composite Polymer Concrete Panels) for Gemas-JB Electrified Double Tracking (EDT) and various supply contracts of welding kits for EDT and the Klang Valley Double Track Phase 1 Project.

FINANCIAL POSITION

The Group's balance sheet remains healthy, sitting on a net cash position of RM102.3 million and a net cash per share of 32.2 sen as at 30 June 2023.

Current assets and current liabilities stood at RM377.6 million and RM143.6 million respectively, translating to a current ratio of 2.63. Our Group's receivables stand at about RM158.8 million while payables are at RM92.6 million.

Total net assets amounted to RM223.8 million, or 70.5 sen per share, a decrease from RM224.5 million, or 70.9 sen per share in FYE 2022.

Overall, our balance sheet remained on solid footing with sufficient working capital to execute all the existing projects in our orderbook. The Group's businesses are able to sustain an asset light approach due to the nature of low capital expenditure ("CAPEX") requirement. As such, there are no plans to undertake any significant CAPEX in the foreseeable future.

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

CORPORATE DEVELOPMENT

On 23 February 2023, the Group announced the payment of interim dividend amounting to 0.5 sen per share in respect of FYE 2023.

On 14 September 2023, The Group announced the Proposed Acquisitions of the remaining 49% stake in Stream Group Sdn Bhd and the remaining 51% stake in Premium Patents Sdn Bhd.

On 9 October 2023, The Group announced the notice of exercise of call option to acquire the remaining 40% stake in Trackwork & Supplies Sdn Bhd.

KEY RISKS

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

The Group is also exposed to foreign exchange risks due to its international operations, namely the Singapore Dollar, the United State Dollar and United Arab Emirates Dirham. The volatility of these foreign currency affects both our revenue and costs incurred, where contracts outside Malaysia are in the respective foreign currencies. Further information on currency exposure is set out in Note 34(b)(iii) to the financial statements.

Analysis of other key financial risks such as liquidity risk, credit risk as well as capital risk management are discussed in Note 34(b) to the financial statements.

THE YEAR AHEAD

During the FYE 2023, AWC Group recorded its highest ever replenishment of Orderbook amounting to approximately RM455 million that brought the Group's Orderbook to RM830 million as of 30 June 2023. The strong replenishment represented a hit-rate of more than 30% against the Group Tender book of RM1.5 billion during FYE 2023.

Facilities division orderbook stood at approximately RM537 million, bolstered by the new IKN contract secured during the year under review with a value of RM188.3 million. Non-concession segment makes up the bulk of the Orderbook for the division with projects worth RM354 million remaining as at end of FYE 2023 whilst the Concession segment including remaining CARP contracts is worth a total of RM182.8 million. The Group hopes to further solidify its position in the Hospital Support Services (HSS) segment by tendering for more jobs and is setting sights on the upcoming new contracts for the Public HSS concession which will be expiring in 2025.

The Environment division's outstanding Orderbook was at approximately RM132.3 million, while the Engineering division had an Orderbook of RM82.6 million as of 30 June 2023 both of which are expected to provide earnings visibility over the next 3 to 4 years. The Rail division had an Orderbook of RM78.3 million, fresh from securing its largest contract to-date from Prasarana Malaysia for the works on the LRT Ampang Line and Kelana Jaya Line amounting to a total of RM52 million.

In the upcoming year, Stream Group is cautiously optimistic to continue the positive momentum from FYE 2023 with further Orderbook growth anticipated as new landmark and signature projects come on-line from various markets regionally and globally. The pick-up in construction and property development sector activities in Malaysia and Asia-Pacific augurs well for STREAM as it would be able to not just retain its leading market share mainly in Malaysia, Singapore and Middle East but also continue to penetrate new markets regionally as well as globally. Upon completion of the Proposed Acquisitions announced on 14 September 2023, AWC Group's 100% ownership in the ground-breaking patented Waste Shuttle would enable the Group to better position and market the system to potential clients globally. The application of the system can reduce energy cost of STREAM Automated Waste Collection System (AWCS) by up to 70% and this remains a unique selling proposition for the AWCS.

THE YEAR AHEAD (CONT'D)

The implementation of Malaysia Madani, featuring new infrastructure and green energy projects will greatly benefit the construction industry. Our engineering division, specifically our specialised plumbing segment is strategically targeting plumbing services for private developments with a strong focus on residential, high-rise and hospital buildings. Our current involvement in several of such projects positions us for a steady stream of work in the coming years. We remain committed to diversify our portfolio by actively participating in government and private sector projects, aiming to strengthen our order book and navigate the challenges and opportunities that lie ahead in the ever changing and evolving construction landscape of Malaysia. During the year, our rainwater harvesting segment successfully launched the very First Best Water Technology (BWT) Kiosk in Malaysia at Wangsa Walk mall, serving as part of the marketing and branding of BWT consumer products in Malaysia and the Group's maiden venture into B2C segment. BWT is Europe's largest water company. Tho the venture gestation period will be some time before the outreach initiatives and consumers catch on the BWT brand, we will continue to focus on commercial applications of BWT products and B2B sales. A breakthrough project with a prestigious development in Malaysia would position BWT branding strongly in Malaysia and along with the increase in demand for SOSOON China siphonic systems for factories and warehouses, we are hopeful that these efforts will yield positive results for the Group.

Under our Rail division, Trackwork & Supplies Sdn Bhd (TWS) remains upbeat about its performance for the year ahead as it strengthens its position to support the construction and maintenance of the railway networks. Amongst the key government focus is in ensuring safe and reliable train services, which requires quality materials to gain a longer lifecycle and to save on maintenance costs. Dovetailing with this focus is the need for condition monitoring of the critical assets. With over 160 product lines coupled with technical services to serve the rollingstock, permanent way and depot equipment rail sectors from global market leaders, TWS is on track to meet these requirements and the national aspirations for first class rail transportation for the public.

The outlook for the economy in Malaysia and globally in FYE 2024 presents the Group with both challenges and opportunities. Global awareness and direction towards Sustainable Development and living along with respective nations goals of achieving Net Zero carbon emissions would position AWC offerings including STREAM AWCS, our Rain Water Harvesting Systems (RWHS) and BWT products at the forefront of engineering a cleaner and sustainable environment. This in turn would result in better demand for AWC's products and bring about growth to our business overall. We anticipate that the shockwaves from inflationary environment, prolong elevated interest rates, commodities prices and materials costs will continue to pose challenges to the economy particularly the property and construction sectors the Group is predominantly involved in. Nevertheless, the Group will adopt prudent management and efficient operating procedures to adapt to any negative changes in the property and construction industry.

Human Resource Considerations

We continuously work towards securing the appropriate talent pool that will enable us to solidify our management team, both for the immediate and long-term future. This is done throughout all our four Business Segments. Human capital development and training is a key human resource requirement, and all employees are required to attend training and seminars as part of their personal development programme. We acknowledge that the growth and development of human capital through the building blocks of personnel training, positive corporate culture and healthy workplace remain critical in propelling the Group to new heights. In line with this, further emphasis shall be in place to identify, retain and attract this intangible asset within and outside the Group

AWC launched its Employee Share Option Scheme ("ESOS"), with the first offer to employees on 6 November 2015 and subsequent offers in the periods following the initial launch. With the continued improvement in AWC's share price since then, and with the strong Orderbook in hand, we believe the ESOS is a good tool in garnering employee loyalty and commitment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of AWC Berhad ("AWC" or "the Company") recognises the importance of maintaining high standards of corporate governance for transparency, accountability, integrity and a well-managed company. As a fundamental part of discharging its duties and responsibilities, the Board is committed towards ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries ("the Group") to enhance shareholders' value, and to be consistent with the principles and best practices as set out in the Malaysian Code on Corporate Governance ("MCCG").

This Corporate Governance Overview Statement is augmented with a Corporate Governance Report ("CG Report"), based on a prescribed format as enumerated in Paragraph 15.25(2) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") so as to provide a detailed articulation on the application of the Group's corporate governance practices as set out in the MCCG throughout the financial year ended 30 June 2023 ("FYE 2023"). The CG Report is available on the Company's website at www.awc.com.my, as well as via an announcement on the website of Bursa Securities.

This Corporate Governance Overview Statement makes reference to the following three (3) key principles of the MCCG:-

a. Board Leadership and Effectiveness;
b. Effective Audit and Risk Management; and
c. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

1. Board Roles and Responsibilities

1.1 The Board is responsible for the overall performance and business affairs of the Group. The Board provides necessary leadership, which includes practicing a high level of good governance to ensure the long-term success of the Group and the delivery of sustainable value to its stakeholders.

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

a. Audit and Risk Management Committee ("ARMC");
b. Nomination and Remuneration Committee ("NRC"); and
c. Employees' Share Option Scheme Committee.

The Board committees operate in accordance with clearly defined Terms of Reference as reviewed and approved by the Board. The Board Committees' Terms of Reference can be accessed via the Company's website, www.awc.com.my.

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

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

1. Board Roles and Responsibilities (Cont'd)

1.1 (Cont'd)

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

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

1.2 The Chairman of the Board, Dato' Nik Mod Amin Bin Nik Abd Majid, holds a Non-Independent Non-Executive position and is responsible for leading the Board to ensure its effectiveness and integrity, as well as the promotion of good corporate governance practices within the Group.

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

The Chairman is responsible for instilling good corporate governance practices and leadership, and for ensuring Board effectiveness, while the Group Chief Executive Officer/President has overall responsibilities over the day-to-day management of the Group's business and implementation of the Board's policies and decisions. The Executive Director is also accountable to the Board for the overall organisation, management and staffing of the Company and/or the Group as well as the procedures in financial and other matters, including conduct and discipline.

1.4 The Board is supported by two (2) Company Secretaries who are qualified to act as Companies Secretaries under Section 235(2) of the Companies Act 2016 and are registered holders of the Practicing Certificate issued by the Companies Commission of Malaysia. The new joint Secretary was appointed on 9 June 2023 for better management of the Company's secretarial and administrative duties. All Directors have access to the advice and services of the Company Secretaries.

The Company Secretaries have been continuously attending the necessary training programmes, conferences or seminars organised by the relevant authorities and/or professional bodies to keep themselves abreast with the latest developments in the corporate governance realm and changes in regulatory requirements that are relevant to their profession and enable them to provide the necessary advisory role to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

1. Board Roles and Responsibilities (Cont'd)

1.4 (Cont'd)

The Board acknowledges that the Company Secretaries play an important role and will ensure that the Company Secretaries fulfil the functions for which they have been appointed.

During the FYE 2023, all Board and Board Committees meetings were properly convened, accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.

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

1.5 To facilitate the Directors' time planning, an annual meetings calendar is prepared in advance of each new year by the Company Secretaries. The meetings calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the annual general meeting ("AGM"). The closed periods for dealings in securities by Directors and principal officers based on the scheduled dates of meetings for making announcements of the Company's quarterly results were also provided therein.

The notices of Board and Board Committees meetings together with the meeting papers are generally furnished to the Board members at least five (5) business days prior to the dates of meetings. This is to ensure that the Directors have sufficient preparation time and information to make an informed decision at each meeting. Management and other advisers are invited to attend the meetings to report and brief on their respective areas of responsibility, if required.

The deliberations and decisions of matters discussed in the Board and Board Committees meetings are duly recorded in the minutes of meetings, including whether any Director abstains from voting or deliberating on a particular matter. The minutes of meetings are circulated to the respective Chairman of the Board and Board Committees in a timely manner for review before they are confirmed and adopted by members of the Board and Board Committee at their respective meetings. The Company Secretaries also ensures that deliberations at Board and Board Committee meetings are well documented.

All the records of proceedings and resolutions passed are kept at the registered office of the Company.

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

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

The Board Charter will be reviewed as and when necessary to ensure it remains consistent with the Board's objectives and responsibilities as well as the latest statutory and regulatory requirements. The Board Charter is published on the Company's website at www.awc.com.my.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

3. Good Business Conduct and Healthy Corporate Culture

3.1 Code of Conduct and Ethics

The Board is committed to promoting and maintaining high standards of transparency, accountability and ethics in the conduct of its business and operations. The Board has formalised ethical standards by establishing a Code of Ethics and Conduct for all Directors and employees of the Group, and the core areas of conduct include observing a high standard of corporate governance, handling conflict of interest, management of Group information and corporate disclosure, protection of legitimate business interests, and declaration of any personal or business interests.

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

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

3.2 Whistle-Blowing Policy

The Group is committed to the highest standard of integrity, openness and accountability in the conduct of its businesses and operations. The Group has established the Whistle Blowing Policy that provides a channel to enable employees and other stakeholders to report any suspected breaches of law or regulations or any illegal acts observed in the Group, including financial malpractice or fraud, non-compliance with regulatory requirements, danger to health, safety or the environment, criminal activity and corruption. It also helps to nurture a good organizational culture within the Group and develop a culture of openness, transparency, accountability and integrity, which ultimately formulates standards of corporate behavior creating an ethical corporate climate.

The Board will review and update the Whistle Blowing Policy as and when necessary to ensure that they continue to remain relevant and appropriate.

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

3.3 Anti-Bribery & Corruption Policy

In line with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act 2018"), the Company has put in place an Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") to encourage a culture of integrity and transparency in all of the Group's activities. This policy which adheres to the MMLR of Bursa Securities and the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the MACC Act 2018, generally set out the responsibilities of the Company, and all individuals who work for the Group, in observing and upholding the Group's position on bribery and corruption and provides key anti-bribery and corruption principles that apply to all interactions with the Group's customers, business partners, and other third parties, as well as guidelines for the prevention, management, and remediation of bribery and corruption related risks.

The ABAC Policy will be reviewed at least once in every three (3) years to ensure that they continue to remain relevant and appropriate. The ABAC Policy is available on the Company's website at www.awc.com.my.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

3. Good Business Conduct and Healthy Corporate Culture (Cont'd)

3.4 Directors' Fit and Proper Policy

In line with the new Paragraph 15.01A of the MMLR, the Board had on 19 May 2022 adopted the Directors' Fit and Proper Policy which serves as a guide to the NRC and the Board in their review and assessment of the potential candidates for appointment to the Board of the Group as well as the retiring Directors who are seeking re-election at the annual general meeting.

The Directors' Fit and Proper Policy shall be reviewed periodically by the Board and be revised at any time as it may deem necessary to ensure that they remain consistent with the Board's objectives, current law and practices. The Directors' Fit and Proper Policy is published on the Company's website at www.awc.com.my.

The Board has also adopted the Nomination and Appointment of New Directors Process and Procedures to formalise the process for the nomination and appointment of a new Director to be undertaken by the NRC and the Board in discharging their responsibilities in terms of the nomination and appointment of new Directors of the Group.

3.5 Sustainability Governance

The Board recognises that sustainable business practices are essential for long-term value creation and that running the business responsibly is intrinsically tied to achieving operational excellence.

In terms of structural oversight over sustainability, including strategies, priorities and targets, it is reposed at the Board level with Management being responsible for operational execution with respect to Environmental, Social and Governance factors as part of the Group's corporate strategy.

As fiduciary to the Company's shareholders, the Board is committed to maintaining exemplary corporate governance practices, which include a dedication to ethics, integrity and corporate responsibility. The Board also ensures that the Company's internal and external stakeholders are well informed on the sustainability strategies, priorities, targets, as well as overall performance, which the Sustainability Statement has provided a detailed articulation in this Annual Report.

The Board reviewed, revised, and approved the relevant amendments by incorporating the assessment of the Board's understanding of sustainability issues in the annual performance evaluation that are critical to the Company's performance.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION

4. Board Composition and Balance

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

Name of Board Members	Designation
Dato' Nik Mod Amin Bin Nik Abd Majid	Non-Independent Non-Executive Chairman *(Re-designated on 29 May 2023)*
Dato' Ahmad Kabeer Bin Mohamed Nagoor	Executive Director *(Group Chief Executive Officer/President)*
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	Independent Non-Executive Director
Sureson A/L Krisnasamy	Independent Non-Executive Director
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman	Independent Non-Executive Director

The current Board composition complies with Paragraph 15.02 of the MMLR of Bursa Securities which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are independent Directors. The Board also meets the requirements of MCCG to have at least half of the Board comprised of Independent Directors.

4.2 The Board acknowledges the recent amendments to the Listing Requirements by Bursa Securities on 19 January 2022. According to the new regulations, the tenure of an Independent Non-Executive Director shall not exceed a cumulative term of twelve (12) years effective on or after 1 June 2023. Furthermore, if the Board intends to retain an Independent Non-Executive Director who has served the Board a cumulative term of more than nine (9) years, it must justify its decision and seek the shareholders' approval through a two-tier voting process at a general meeting as recommended by the MCCG.

During the financial year under review, none of the Directors has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years.

Based on the assessment carried out during the financial year under review, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their abilities to act in the best interest of the Company.

4.3 The Company has not adopted a policy that limits the tenure of its Independent Non-Executive Directors to nine (9) years. Notwithstanding that, the assessment of the independence of the Independent Directors was conducted annually via annual evaluation to ensure they are independent of any business or other relationship which could interfere with the interest of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

4. Board Composition and Balance (Cont'd)

4.4 The Board acknowledges the importance of Board and Senior Management composition diversity as recommended by the MCCG. In pursuing diversity agenda, the Directors and Senior Management are sourced from a diverse pool and recruited based on objective criteria, merit and with due regard for diversity in skills, knowledge, experience, age, cultural background, gender and contribution.

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

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

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

4.5 In view of the gained attention of boardroom diversity as an important element of a well functioned organisation, the Board has established and adopted a Gender Diversity Policy which provides a framework for the Company to improve its gender diversity at Board and Senior Management level and the same is available on the Company's website at www.awc.com.my.

Currently, there is a female Director on the Board, namely, Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj.

4.6 The members of the Board are to be appointed in a formal and transparent practice as endorsed by the MCCG. The NRC will scrutinise the candidates and recommend the same for the Board's approval. In discharging this duty, the NRC will undertake a thorough review of the candidate's criteria, amongst others, qualifications, skills, knowledge, expertise, experience, personal attributes, and the capability to devote the necessary time and commitment to the role.

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

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

4. Board Composition and Balance (Cont'd)

4.7 The NRC is chaired by Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj, an Independent Non-Executive Director of the Company.

The NRC Chairperson has led the annual review of Board effectiveness, ensuring that the performance of each Director is independently assessed and lead the succession planning and appointment of future Board members.

Currently, the NRC comprises the following members, all being Independent Non-Executive Directors as identified by the Board:-

Name of Board Members	Designation
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj (Chairperson)	Independent Non-Executive Director
Sureson A/L Krisnasamy (Member)	Independent Non-Executive Director
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman (Member)	Independent Non-Executive Director

The activities undertaken by the NRC during the FYE 2023 are as follows:-

(i) Carried out the assessment and rating of the performance of each Independent Non-Executive Director against the criteria as set out in the annual assessment form, amongst others, attendance at Board or Committee meetings, adequate preparation for Board and/or Committee meetings, regular contribution to Board or Committee meetings, personal input to the role and other contributions to the Board or Committees as a whole.

(ii) Carried out the assessment and rating of the performance of the Executive Director (Group Chief Executive Officer/President) against diverse key performance indicators, amongst others, financial, strategic and sustainability, conformance and compliance, business acumen/ increasing shareholders' wealth, succession planning and personal input to the role.

(iii) Assessed and evaluated the independence of the Independent Non-Executive Directors.

(iv) Assessed the performance of the Audit and Risk Management Committee and Board as a whole.

(v) Reviewed and recommended to the Board for consideration, the re-election of Dato' Ahmad Kabeer Bin Mohamed Nagoor, who was due for retirement by rotation in accordance with Clause 85 of the Company's Constitution at the 21st AGM held on 24 November 2022.

(vi) Reviewed and recommended to the Board for consideration, the re-election of Dato' Dr. Hj Shamsul Anwar Bin Sulaiman, who was due for retirement in accordance with Clause 91 of the Company's Constitution at the 21st AGM held on 24 November 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

4. Board Composition and Balance (Cont'd)

4.7 (Cont'd)

(vii) Reviewed and evaluated the Independence of Independent Director who has served the Board for a cumulative term of more than nine (9) years and recommended to the Board the retention of Dato' Nik Mod Amin Bin Nik Abd Majid as an Independent Non-Executive Director.

(viii) Reviewed and recommended to the Board for consideration, the proposed bonus and remuneration package for the Group Chief Executive Officer/President of the Company.

(ix) Reviewed the Directors' fees and benefits for the Independent Non-Executive Directors.

In accordance with the Company's Constitution, at least one-third (1/3) of the Directors are required to retire from office by rotation annually and shall be eligible for re-election at each AGM. All Directors appointed by the Board shall also be subject to re-election by the shareholders at the AGM following their appointment.

5. Overall Effectiveness of the Board and Individual Directors

5.1 The Board has, through the NRC, conducted an annual evaluation to determine the effectiveness of the Board, its Board Committees and each individual Director in the FYE 2023. The process was carried out by sending the following customised assessment forms to Directors:-

(i) Performance of Group Chief Executive Officer/President;
(ii) Performance of Non-Executive Directors/Chairman;
(iii) Independence of the Independent Directors;
(iv) Performance of the ARMC; and
(v) Effectiveness of the Board and Board Committees as a whole.

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

Based on the evaluations conducted for the FYE 2023, the NRC and the Board were satisfied with the performance of the individual Directors, the Board as a whole, Board Committees as well as the independence and objective judgements that the Independent Directors have brought to the Board.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

5. Overall Effectiveness of the Board and Individual Directors (Cont'd)

5.2 Attendance of Board and Board Committees' Meetings

The Board schedules at least four (4) meetings in a financial year with additional meetings to be convened where necessary. During the FYE 2023, the Board had conducted four (4) Board meetings where they deliberated and approved various reports and matters, including the quarterly financial results of the Group for the announcement to Bursa Securities as well as discussed the business plans and strategies, major investments, strategic decisions as well as the Group's financial performance.

The number of meetings held and attended by each member of the Board and Board Committees during the FYE 2023 are as follows:

Type of Meetings / Name of Directors	Board of Directors	ARMC	NRC
	No. of Meetings Attended		
Dato' Nik Mod Amin Bin Nik Abd Majid [(1)]	4/4	1/1	1/1
Dato' Ahmad Kabeer Bin Mohamed Nagoor	4/4	–	–
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	3/4	3/4	1/1
Sureson A/L Krisnasamy	4/4	4/4	1/1
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman [(2)]	3/3	3/3	–

Notes:

(1) *Dato' Nik Mod Amin Bin Nik Abd Majid resigned as the member of the ARMC and NRC on 24 August 2022.*

(2) *Dato' Dr. Hj Shamsul Anwar Bin Sulaiman appointed as the Independent Non-Executive Director and members of the ARMC and NRC on 24 August 2022.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - BOARD COMPOSITION (CONT'D)

5. Overall Effectiveness of the Board and Individual Directors (Cont'd)

5.3 Directors' Training

The Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors. The Board will assess the training needs of the Directors and ensure Directors have access to continuing education programmes to keep abreast of changes in both the regulatory and business environments as well as with new developments within the industry in which the Group operates.

During the FYE 2023, the Directors have attended the following training programmes in compliance with Paragraph 15.08 of the MMLR of Bursa Securities: -

Name of Directors	Title of Seminars/Training attended
Dato' Nik Mod Amin Bin Nik Abd Majid	• Amendments to the Main Market Listing Requirements of Bursa Securities in relation to Enhanced Sustainability Reporting Framework.
Dato' Ahmad Kabeer Bin Mohamed Nagoor	• Amendments to the Main Market Listing Requirements of Bursa Securities in relation to Enhanced Sustainability Reporting Framework.
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	• Amendments to the Main Market Listing Requirements of Bursa Securities in relation to Enhanced Sustainability Reporting Framework.
Sureson A/L Krisnasamy	• Amendments to the Main Market Listing Requirements of Bursa Securities in relation to Enhanced Sustainability Reporting Framework.
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman	• Amendments to the Main Market Listing Requirements of Bursa Securities in relation to Enhanced Sustainability Reporting Framework.

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

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III – REMUNERATION

6. Level and Composition of Remuneration

6.1 In view that fair remuneration is crucial to attract, retain and motivate Directors and Senior Management, the Remuneration Policy was established with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key senior management.

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

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

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

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

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

Component of pay	Particulars
Fees	A fixed retainer sum shall be paid for their contribution to the Board and the Company. The fixed fee is determined based on the following factors: • On par with the rest of the market; • Reflect the qualifications and contribution required in view of the Group's complexity; • The extent of the duty and responsibilities; and • The number of Board meetings and Board Committees' meetings.
Meeting allowance and other benefits	A reasonable fixed meeting allowance will be paid on a per trip basis with the condition that attendance is a prerequisite for such remittance. Other benefits include flight tickets, accommodation, travelling expenses, amongst others, incurred in the course of performing his duties or other things required of him as a Director of the Company.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III – REMUNERATION (CONT'D)

6. Level and Composition of Remuneration (Cont'd)

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

The Terms of Reference of the NRC is accessible on the Company's website at www.awc.com.my.

7. Remuneration of Directors and Senior Management

7.1 The remuneration of the Directors of the Company and the Group for the FYE 2023 are as follows:-

The Company

Name of Directors	Fees RM	Salaries RM	Benefits in Kind RM	Meeting Allowance RM	Bonus RM	Other Emoluments RM
Executive Director						
Dato' Ahmad Kabeer Bin Mohamed Nagoor	–	–	–	–	–	–
Non-Executive Directors						
Dato' Nik Mod Amin Bin Nik Abd Majid	120,000	–	7,200	3,000	–	–
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	60,000	–	–	2,000	–	–
Sureson A/L Krisnasamy	60,000	–	–	3,000	–	–
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman *(Appointed on 24 August 2022)*	50,000	–	–	2,000	–	–
Total	**290,000**	–	**7,200**	**10,000**	–	–

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III – REMUNERATION (CONT'D)

7. Remuneration of Directors and Senior Management (Cont'd)

The Group

Name of Directors	Fees RM	Salaries RM	Benefits in Kind RM	Meeting Allowance RM	Bonus RM	Other Emoluments RM
Executive Director						
Dato' Ahmad Kabeer Bin Mohamed Nagoor	–	2,160,000	65,818	–	1,620,000	604,800
Non-Executive Directors						
Dato' Nik Mod Amin Bin Nik Abd Majid	120,000	–	7,200	3,000	–	–
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	60,000	–	–	2,000	–	–
Sureson A/L Krisnasamy	60,000	–	–	3,000	–	–
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman *(Appointed on 24 August 2022)*	50,000	–	–	2,000	–	–
Total	**290,000**	**2,160,000**	**73,018**	**10,000**	**1,620,000**	**604,800**

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

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III – REMUNERATION (CONT'D)

7. Remuneration of Directors and Senior Management (Cont'd)

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

Range of Remuneration*	No. of Senior Management Officer
Below RM100,000	1
RM100,001 to RM150,000	1
RM450,001 to RM500,000	1
RM550,001 to RM600,000	1
RM800,001 to RM850,000	1
RM1,200,001 to RM1,250,000	1
RM1,250,001 to RM4,450,000	–
RM4,450,001 to RM4,500,000	1

* *Successive bands of RM150,001 to RM450,000, RM500,001 to RM550,000, RM600,001 to RM800,000 and RM850,001 to RM1,200,000 are not shown entirely as they are not represented.*

Due to the confidentiality and sensitivity of the remuneration packages of Senior Management as well as security concerns, the Board opts not to disclose the Senior Management's remuneration components on a named basis in the bands of RM50,000.

The Board is of the view that the disclosure of the Senior Management's remuneration components will not be in the best interest of the Company given that the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues. The Board is of the opinion that the disclosure of Senior Management's aggregated remuneration on an unnamed basis in the bands of RM50,000 is adequate.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I - ARMC

8. Effective and Independent ARMC

The ARMC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situations. The ARMC also undertakes to provide oversight on the risk management framework of the Group.

The ARMC is chaired by an Independent Non-Executive Director, namely Mr. Sureson A/L Krisnasamy ("Mr. Sureson") who is distinct from the Chairman of the Board. All members of the ARMC are financially literate and possess the necessary skills and knowledge to discharge their duties, whilst the Chairman of the ARMC is a member of the Malaysian Institute of Accountants. The term of office and performance of ARMC and its members are reviewed by the NRC annually to determine whether such ARMC and members have carried out their duties in accordance with the terms of reference.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART I - ARMC (CONT'D)

8. Effective and Independent ARMC (Cont'd)

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

a. the ARMC is fully informed about significant matters related to the Group's audit and its financial statements and these matters are addressed;

b. the ARMC appropriately communicates its insights, views and concerns about relevant transactions and events to Internal and External Auditors;

c. the ARMC's concerns on matters that may affect the financial or audit of the Group are communicated to the External Auditors; and

d. there is coordination between the Internal and External Auditors.

The ARMC will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the ARMC was a former key audit partner. This policy had been codified in the Terms of Reference of ARMC of the Company. Currently, none of the members of the ARMC is a former key audit partner.

The ARMC is empowered by the Board to review any matters concerning the appointment and re-appointment, resignations or dismissals of External Auditors and review and evaluate factors relating to the independence of the External Auditors. The Board has established the Internal and External Auditors Assessment Policy together with the Annual Performance Evaluation Form respectively. The said Policy aims to outline the guidelines and procedures for ARMC to review, assess and monitor the performance, suitability and independence of the Internal and External Auditors respectively.

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

PART II - RISK MANAGEMENT AND INTERNAL CONTROL

9. Risk Management and Internal Control Framework

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

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

Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of the framework, are disclosed in the Statement on Risk Management and Internal Control in the Annual Report 2023.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART II - RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

10. Effective Governance, Risk Management and Internal Control Framework

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

To ensure that the responsibilities of Internal Auditors are fully discharged, the ARMC evaluates the performance of the Internal Auditors for the FYE 2023 based on the following evaluation criteria as set out in the Internal Auditors' Annual Assessment Form:-

(i) Calibre of the audit firm;
(ii) Quality of the internal audit engagement team;
(iii) Quality of communication and interaction with the internal auditors;
(iv) Internal audit scope and quality processes;
(v) Audit governance and independence; and
(vi) Internal audit fee.

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

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

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

Further details of the internal audit function and activities are set out in the Statement on Risk Management and Internal Control and the Audit and Risk Management Committee Report in the Annual Report 2023.

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

PART I – COMMUNICATION WITH STAKEHOLDERS

11. Continuous Communication between Company and Stakeholders

The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value. The Board is committed to ensuring that timely, accurate and complete information about the Company is provided equally to its shareholders, stakeholders and the general investing public. Timely information is critical towards building and maintaining the Group's corporate credibility, market integrity and promotes investor confidence.

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

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

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

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PART II – CONDUCT OF GENERAL MEETINGS

12. Shareholders' Participation at General Meetings

12.1 Conduct of General Meetings

The Company's AGM remains a principal forum used by the Company for dialogue with its shareholders. The AGM provides an opportunity for the shareholders to seek and clarify any issues on the resolutions being proposed and also matters relating to the performance, developments within and the future direction of the Group. The Board, Senior Management and the External Auditors will be present to answer and provide appropriate clarifications to the shareholders at the AGM.

The notice of the 21st AGM of the Company was given to the shareholders at least twenty-eight (28) days before the AGM which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf. The notice of the coming 22nd AGM of the Company which is scheduled to be held on 28 November 2023 will be sent to the shareholders at least twenty-eight (28) days before the date of AGM this year as well.

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

The Company had its fully virtual AGM and entirely via remote participation and voting at the broadcast venue last year and all the Directors at that point of time had attended the 21st AGM of the Company held on 24 November 2022.

All resolutions set out in the Notice of the 21st AGM were put to vote by poll and the votes cast were validated by an independent scrutineer appointed by the Company. The outcome of all resolutions proposed at the general meetings is announced to Bursa Securities on the same day.

12.2 Effective Communication and Proactive Engagement

All Directors attended the 21st AGM on a fully virtual basis and be accountable to the shareholders for their stewardship of the Company. The Chairman of the respective Board Committees were available to respond to shareholders' queries concerning the Company and the Group at the 21st AGM.

From the Company's perspective, the AGM also serves as a forum for Directors to engage with the shareholders personally to understand their needs and seek their feedback. The Board welcomes questions and feedback from the shareholders during the shareholders' meetings and ensures their queries are responded to properly and systematically.

The Board ensures that the required infrastructure and tools were in place to enable the smooth broadcast of the 21st AGM and meaningful engagement with the shareholders. The summary of the key matters discussed at the 21st AGM was also published on the Company's website at www.awc.com.my for the shareholders' information.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has deliberated, reviewed and approved this Statement. The Board considers and is satisfied that to the best of its knowledge the Company has fulfilled its obligations under the MCCG, the relevant chapters of the Listing Requirements of Bursa Securities on corporate governance and all applicable laws and regulations throughout the FYE 2023, except for the departures set out in the Corporate Governance Report.

The Company shall continue to strive for high standards of corporate governance throughout the Group, and the highest level of integrity and ethical standards in all of its business dealings.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

A. OBJECTIVES

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

B. MEMBERS

The current members of the ARMC are as follows:-

Members	Designation
Sureson A/L Krisnasamy (Chairman)	Independent Non-Executive Director
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj (Member)	Independent Non-Executive Director
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman (Member)	Independent Non-Executive Director

The Company has complied with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), which requires all members of the Committee to be Non-Executive Directors with a majority of them being Independent Non-Executive Directors. As shown above, all members of the Committee are Independent Non-Executive Directors. In addition, the ARMC Chairman, Mr. Sureson A/L Krisnasamy, is a member of Malaysian Institute of Accountants.

The Terms of Reference of the ARMC can be accessed from the corporate website of the Company at www.awc.com.my.

C. SUMMARY OF WORKS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

During the financial year under review, the Committee held a total of four (4) meetings and the attendance of each of the Committee members at meetings are as follow:-

Committee Members	No. of Meetings Attended
Sureson A/L Krisnasamy (Chairman)	4/4
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj (Member)	3/4
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman (Member)	3/3

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

C. SUMMARY OF WORKS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONT'D)

The summary of the works undertaken by the Committee for the financial year ended 30 June 2023, amongst others, included the following:-

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

ii. Reviewed with the External Auditors, the audit plan and scope of the statutory audit of the Company's financial statements for the financial year ended 30 June 2023 before the audit commenced to ensure that the scope of the external audit is comprehensive and discussed on the audit findings presented by the External Auditors;

iii. Reviewed the annual audited financial statements of the Company and the Group and issues arising from the audit of the financial statements highlighted by the External Auditors;

iv. Considered and recommended the re-appointment of Baker Tilly Monteiro Heng PLT as the External Auditors and their audit fee to the Board for consideration based on the competency, efficiency and transparency as demonstrated by the Auditors during their audit;

v. Reviewed with the Internal Auditor, the internal audit plan to ensure the adequacy of the scope, functions, and resources and that it has the necessary authority to carry out its work;

vi. Reviewed the reports for the internal audit function and considered the findings of internal audit investigations and management responses thereon, and ensured that appropriate actions were taken on the recommendations raised by the Internal Auditors;

vii. Reviewed if there were any related party transactions and/or recurrent related party transactions that transpired within the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms;

viii. Reviewed the ARMC Report, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control as well as Additional Compliance Information to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval for inclusion in the Company's Annual Report;

ix. Self-appraised the performance of the Committee for the financial year ended 30 June 2023 and submitted the evaluation to the Nomination and Remuneration Committee for assessment;

x. Evaluated the performance of the External and Internal Auditors for the financial year ended 30 June 2023; and

xi. Reviewed and discussed the updated Enterprise Risk Management Register/Registry of Risk Report for the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

D. INTERNAL CONTROL REVIEW AND INTERNAL AUDIT ("IA") FUNCTION

i. Appointment

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

ii. IA Activities

The IA reporting can broadly be segregated into three (3) main areas as follows:-

a. IA Plan for the Group

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

b. Regular IA Reports

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

c. Follow-up Reports

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

iii. Total Costs Incurred For The Financial Year

The total costs incurred for the IA function of the Group for the financial year ended 30 June 2023 was RM60,137.

iv. Review of IA Function

For the financial year ended 30 June 2023, the Committee noted that the IA function is independent and Sterling has performed their audit assignments with impartiality, proficiency and due professional care.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of AWC Berhad ("the Company") is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and the internal control systems of the Group for the financial year ended 30 June 2023 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") and Practice Note 9 of Bursa Malaysia Securities Berhad ("Bursa Securities").

BOARD RESPONSIBILITY

The Board affirms its responsibilities for maintaining a sound internal control system for the Group to safeguard shareholders' investments and the Group's assets, and to discharge its stewardship responsibilities in identifying risks and ensuring the implementation of appropriate systems to manage these risks in accordance with the best practices of the Malaysian Code on Corporate Governance.

However, due to the limitations that are inherent in any system of internal control, the Group's system of internal control is designed to manage, rather than eliminate the risk of failure to achieve corporate and business objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatements, losses or fraud.

The system of internal control mainly applies to the operating companies and does not cover associates, inactive and dormant companies.

RISK MANAGEMENT FRAMEWORK

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

The Board confirms that there is an on-going process of identifying, assessing and responding to risks for achieving the objectives of the Group for the financial year under review. The process is in place for the financial year under review and up to the date of issuance of the Statement on Risk Management and Internal Control.

As part of the risk management process, a Registry of Risk and a Risk Management Handbook were adopted. The Registry of Risk is maintained to identify principal business risks including Corporate Liabilities Risk and updated for on-going changes in the risk profile. The Risk Management Handbook summarises risk management methodology, approaches and processes, roles and responsibilities, and various risk management concepts. The respective risk owners are accountable for identifying risks and ensuring that adequate internal control systems are implemented to mitigate the risks faced by the Group. The process of identifying, evaluating, monitoring and managing risks is embedded in various work processes and procedures of the respective operational functions and management team.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

THE INTERNAL AUDIT FUNCTION

The internal audit function had been outsourced to Sterling Business Alignment Consulting Sdn. Bhd. ("the Internal Auditors"), a third-party professional internal audit service firm which is independent of the operations and activities of the Group. The Internal Auditors are also independent of the Board and management, and report directly to the Audit and Risk Management Committee ("ARMC"). In discharging its obligations and duties pursuant to its appointment, the Internal Auditors undertake rigorous, objective, independent and systematic reviews of the systems of internal control. Following the assessment, the Internal Auditors provide reasonable and continuous assurance of the satisfactory operations and effectiveness of the Group's system of internal controls. The purpose of the comprehensive process is to identify existing shortcomings and potential pitfalls which would eventually be brought to the attention of the Board and rectification measures would be proposed and recommended.

The Internal Auditors submit its reports to the ARMC every quarter and the findings are tabled at the corresponding quarterly meetings. Issues arising thereto and shortfalls in internal controls are reviewed, deliberated at length and acted upon by the ARMC for remedial action. Where necessary, affirmative steps and measures will be introduced and initiated to address, mitigate and manage latest identified risks. Current internal control measures will also be further strengthened with compensating controls and appropriate check and balance mechanism, if required. Internal audit schedule and timetable for subsequent periods are tabled to the ARMC, outlining the entities which will be subject to the next internal audit exercise and the framework of the internal audit plan. Core internal audit scope and critical areas are also emphasised while internal audit issues highlighted in the preceding internal audit reports together with the progress and updates of the corresponding follow up works are also considered at length.

For the financial year ended 30 June 2023, four (4) internal audit reviews and four (4) follow up status reviews on previously reported audit findings were conducted:

Financial Reporting Quarter	Reporting Month	Name of Entity Audited	Audited Areas
1st Quarter (July 2022 – Sept 2022)	Nov 2022	Qudotech Sdn Bhd	Internal Audit Review - Finance and Accounts Follow-up actions on previously reported audit findings
2nd Quarter (Oct 2022 – Dec 2022)	Feb 2023	AWC Berhad Ambang Wira Sdn Bhd ("AWSB")	Internal Audit Review - Finance and Accounts Follow-up actions on previously reported audit findings.
3rd Quarter (Jan 2023 – March 2023)	May 2023	AWSB	Internal Audit Review - Contract Management and Supply Chain Management for Hospital Support Services Follow-up actions on previously reported audit findings.
4th Quarter (Apr 2023 – June 2023)	Aug 2023	Stream Environment (S) Pte Ltd	Internal Audit Review - Sales and Marketing, Procurement, and Project Management Follow-up actions on previously reported audit findings.

The associated company has not been dealt with as part of the Group for the purpose of this Statement. The Group's system of internal controls does not apply to associated company where the Group does not have any direct control over its operation. However, the Group's interest is served through representation on the board of the associated company and the Board meets to discuss and review the financial performance of this company when necessary.

OTHER KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROLS

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

- **Independence of the ARMC**

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

- **Clearly defined organisational structure**

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

  In addition to the ARMC, the Board is also supported by several Board level committees in discharging its duties.

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

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

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

- **Performance review**

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

OTHER KEY ELEMENTS OF THE GROUP'S INTERNAL CONTROLS (CONT'D)

The following are the key elements of the Group's current internal controls (Cont'd):

- **Reviews by external auditors**

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

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

CONCLUSION

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

This Statement is made in accordance with the resolution of the Board of Directors dated 16 October 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITY

In connection with the preparation of the annual audited financial statements of the Company and its subsidiaries ("the Group"), the Board of Directors of the Company ("the Board") is required to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act 2016, Malaysia Financial Reporting Standards and International Financial Reporting Standards to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2023 and of the financial performances and cash flows for the financial year then ended.

In preparing the financial statements for the financial year ended 30 June 2023, the Board has taken the following measures:-

- The Group and the Company have applied relevant and appropriate accounting policies consistently and in accordance with applicable approved accounting standards in Malaysia;
- made judgments and estimates that are prudent and reasonable; and
- used the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring the adequacy of accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors have general responsibilities for taking reasonable steps towards safeguarding the assets of the Group and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISES

The Company did not raise funds through any corporate exercise during the financial year ended 30 June 2023 ("FYE 2023").

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/payable by the Company to the External Auditors and its affiliates for the FYE 2023 are as follows:-

	Company RM	Group RM
Audit Fees	100,000	413,300
Non-Audit Fees	21,000	77,314

3. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS' INTEREST

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

4. RECURRENT RELATED PARTY TRANSACTIONS

The list of recurrent related party transactions of a revenue or trading nature entered into by the Group is disclosed in Note 35 to the financial statements. For the FYE 2023, no shareholder mandate was required for the recurrent related party transactions of a revenue or trading nature entered into by the Group pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

The ESOS of the Company for eligible Directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries) ("the Group") was approved by the shareholders of the Company at an Extraordinary General Meeting held on 1 October 2015. The ESOS is for a duration of five (5) years commencing from the date of implementation of the ESOS on 9 October 2015 and expiring on 8 October 2020. The Company had on 25 February 2020 announced to extend its existing ESOS which is expiring on 8 October 2020 for another five (5) years until 8 October 2025, in accordance with the terms of the ESOS By-Laws.

The aggregate maximum allocation of ESOS to Directors and Senior Management of the Group shall not exceed 70% of the total number of new ordinary shares in the Company to be issued under ESOS.

There were no new options granted under ESOS during the FYE 2023.

The actual allocation of ESOS to the Directors and Senior Management since the commencement of the ESOS is 44%.

5. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

Details of the ESOS of the Company as at 30 June 2023 are as follows:-

	Total Granted to Eligible Employees and Directors	Directors
Total number of options granted at exercise price of		
-23.7 sen	4,185,000	1,050,000
-33.6 sen	23,442,100	4,700,000
-42.3 sen	5,709,000	–
-72.3 sen	5,367,000	–
-72.8 sen	480,000	–
-75.1 sen	900,000	900,000
Total number of options exercised at exercise price of		
-23.7 sen	2,430,000	350,000
-33.6 sen	17,467,286	4,480,000
-42.3 sen	3,360,312	–
-72.3 sen	450,150	–
-72.8 sen	–	–
-75.1 sen	100,000	100,000
Total number of options lapsed	9,809,370	420,000
Total number of options outstanding	6,465,982	1,300,000

There were no options under the ESOS granted to the Independent Non-Executive Directors of the Company during the FYE 2023. The numbers of options exercised by the Independent Non-Executive Directors of the Company during the FYE 2023 are as follows:-

Non-Executive Directors	Amount of options granted as at 1 July 2022	Amount of options exercised/lapsed as at 30 June 2023
Dato' Nik Mod Amin Bin Nik Abd Majid	100,000	–
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	200,000	–
Sureson A/L Krisnasamy	300,000	–

FINANCIAL
STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 9 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	10,791,887	1,708,106
Attributable to:		
Owners of the Company	2,176,095	1,708,106
Non-controlling interests	8,615,792	–
	10,791,887	1,708,106

DIVIDENDS

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

	RM
Single-tier final dividend of 1.5 sen per ordinary share for the financial year ended 30 June 2022, paid on 30 December 2022	4,767,673
Single-tier interim dividend of 0.5 sen per ordinary share for the financial year ended 30 June 2023, paid on 5 April 2023	1,590,140
	6,357,813

The directors do not recommend the payment of any final dividend in respect of the financial year ended 30 June 2023.

RESERVES OR PROVISIONS

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

DIRECTORS' REPORT (CONT'D)

BAD AND DOUBTFUL DEBTS

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

At the date of this report, the directors are not aware of any circumstances which would 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 so to realise.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

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

AUDITORS' REMUNERATION

The remuneration paid or payable to auditors of the Group and of the Company during the financial year were RM566,826 and RM113,000 respectively.

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 1,324,500 new ordinary shares for cash pursuant to the exercise of the Company's Employees' Share Option Scheme ("ESOS") at exercise prices between RM0.237 to RM0.336 per ordinary share.

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

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

TREASURY SHARES

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

As at 30 June 2023, the Company held 4,628,700 treasury shares out of its 322,678,750 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM1,287,081. There was no resale, cancellation or distribution of treasury shares during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year other than the issue of options pursuant to the ESOS and warrants.

DIRECTORS' REPORT
(CONT'D)

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

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

On 25 February 2020, the Company extended its existing ESOS which is expiring on 8 October 2020 for another five (5) years until 8 October 2025, in accordance with the terms of the ESOS By-Laws. The extension is not subject to the approval from Bursa Malaysia Securities Berhad, Securities Commission and shareholders of the Company.

The salient features and other details of the ESOS are disclosed in Note 22(d) to the financial statements.

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

		Number of options over ordinary shares				
Grant date	**Exercise price**	**At 1 July 2022**	**Granted**	**Exercised**	**Lapsed**	**At 30 June 2023**
2 November 2015	33.6 sen	2,187,294	–	(224,500)	(127,800)	1,834,994
15 April 2016	42.3 sen	905,988	–	–	(171,000)	734,988
26 February 2018	72.3 sen	2,053,000	–	–	(162,000)	1,891,000
26 September 2018	75.1 sen	500,000	–	–	–	500,000
31 March 2020	23.7 sen	2,625,000	–	(1,100,000)	(20,000)	1,505,000
		8,271,282	–	(1,324,500)	(480,800)	6,465,982

WARRANTS

On 2 January 2019, a total of 56,824,679 free warrants were allotted and listed on the Main Market of Bursa Securities under a deed poll dated 6 December 2018.

The salient terms of Warrants are disclosed in Note 22(e) to the financial statements.

The movement in the Company's warrants during the financial year is as follows:

	Number of warrants				
	At 1 July 2022	**Allotment**	**Exercised**	**Lapsed**	**At 30 June 2023**
Warrants	56,824,679	–	–	–	56,824,679

DIRECTORS

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

Dato' Ahmad Kabeer Bin Mohamed Nagoor *	
Dato' Nik Mod Amin Bin Nik Abd Majid *	
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj *	
Sureson A/L Krisnasamy	
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman	(Appointed on 24 August 2022)

* Directors of the Company and certain subsidiaries

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

Datuk Syed Hussian Bin Syed Junid	
Datin Dr. Wahida Binti Abdul Rahman	
Ahmad Nazim Bin Ahmad Kabeer	
Chan Choon Sen	
Chang Leong Hao	
Chea Thean Teik (Alternate director to Sri Skanda Rajah A/L S. Ratnam)	
Chee Kar Ming	
Gan Geok Soon	
Goh Tse Woei	
Indralingam A/L Subramaniam	
Khathir Sulaiman Bin Abdullah	
Koh Kwee Fook (Alternate director to Gan Geok Soon)	
Kong Keat Voon	
Mohd Faizul Shazrin Bin Shukor	
Mohd Hisham Bin Haja Najmuddeen	
Nik Khairulanuar Bin Nik Sin @ N. Hussein	
Noreen Khairani Binti Ahmad Osmani	
So Seng Tek	
Sri Skanda Rajah A/L S. Ratnam	
Tan Siew Kheng	
Voon Siew Moon	
Zuraini Binti Aman	
Abd Aziz Bin Awang Adek	(Appointed on 5 December 2022)
Ahmad Shamsulikram Bin Ahmad Ramli	(Appointed on 7 February 2023)
Dayang Nurul Hafiszawaty Binti Abang Ali	(Appointed on 1 March 2023)
Nurul Sahida Binti Adlan	(Appointed on 1 March 2023)
Siti Asmarani Binti Ramli	(Appointed on 1 September 2022)
Wan Intan Binti Meor Ibrahim	(Appointed on 1 March 2023)
Divesh Navinchandra Sheth	(Resigned on 10 January 2023)
Fung Beng Ee	(Appointed on 15 September 2022 and resigned on 31 March 2023)
Mohd Izam Bin Baharon @ Baharom (Alternate director to Datuk Hussian Bin Syed Junid)	(Resigned on 7 February 2023)
Nik Adnan Bin Nik Mohd Salleh	(Resigned on 21 December 2022)
Nurhidayah Binti Jamaludin	(Resigned on 30 August 2022)
Rozita Binti Ramli	(Appointed on 5 December 2022 and resigned on 31 May 2023)

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	At 1 July 2022	Exercise of ESOS/ Bought	Sold	At 30 June 2023
Interest in the Company				
Direct interests:				
Dato' Nik Mod Amin Bin Nik Abd Majid	400,000	–	–	400,000
Dato' Ahmad Kabeer Bin Mohamed Nagoor	21,973,300	–	–	21,973,300
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	100,000	–	–	100,000
Sureson A/L Krisnasamy	65,000	–	–	65,000
Indirect interest:				
Dato' Ahmad Kabeer Bin Mohamed Nagoor ^	84,300,000	–	–	84,300,000

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

	Number of options over ordinary shares under ESOS			
	At 1 July 2022	Exercised/ Granted	(Lapsed)	At 30 June 2023
Interest in the Company				
Direct interests:				
Dato' Nik Mod Amin Bin Nik Abd Majid	100,000	–	–	100,000
Dato' Ahmad Kabeer Bin Mohamed Nagoor	700,000	–	–	700,000
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	200,000	–	–	200,000
Sureson A/L Krisnasamy	300,000	–	–	300,000

	Number of warrants issued pursuant to the deed poll dated 6 December 2018 exercisable at any time from 26.12.2021 to 25.12.2023			
	At 1 July 2022	Bought	Exercised	At 30 June 2023
The Company				
Direct interests:				
Dato' Ahmad Kabeer Bin Mohamed Nagoor	3,651,000	–	–	3,651,000
Dato' Nik Mod Amin Bin Nik Abd Majid	80,000	–	–	80,000
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	20,000	–	–	20,000
Indirect interest:				
Dato' Ahmad Kabeer Bin Mohamed Nagoor	16,549,999	–	–	16,549,999

DIRECTORS' INTERESTS (CONT'D)

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed below) 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.

The directors' benefits of the Group and of the Company are as follows:

	Group RM	Company RM
Directors of the Company		
- Fees	290,000	290,000
- Short-term employee benefits	3,790,000	10,000
- Post-employment employee benefits	604,800	–
- Benefits-in-kind	73,018	7,200
Directors of the subsidiaries		
- Fees	112,800	–
- Short-term employee benefits	6,344,776	–
- Post-employment employee benefits	708,643	–
- Termination benefits	930,000	–
- Benefits-in-kind	137,531	–
	12,991,568	307,200

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

INDEMNITY TO DIRECTORS AND OFFICERS

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

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

DIRECTORS' REPORT (CONT'D)

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) Incorporation of a subsidiary

On 5 July 2023, a wholly owned subsidiary, AWC Healthcare Solutions Sdn. Bhd. was incorporated with share capital of RM2.

(b) Acquisition of additional shares in a subsidiary

On 14 September 2023, the Company entered into a conditional share sale and purchase agreement ("SSA") with Premium NSL Sdn. Bhd. ("PNSB") for the acquisition of 627,200 ordinary shares, representing 49.00% equity interest in Stream Group Sdn. Bhd. ("SGSB"), for a purchase consideration of RM110,000,000 which will be satisfied through cash. The proposed acquisition is pending fulfilment of conditions precedent as at the date of authorisation of these financial statements.

(c) Acquisition of additional shares in an associate

On 14 September 2023, the Company entered into a conditional share sale and purchase agreement ("SSA") with PNSB and Premium Deluxe Sdn. Bhd. ("PDSB") for the proposed acquisition of 5,100 ordinary shares, representing 51.00% equity interest in Premium Patents Sdn. Bhd. ("PPSB"), for a purchase consideration of RM1 which will be satisfied through cash. The proposed acquisition is pending fulfilment of conditions precedent as at the date of authorisation of these financial statements.

(d) Exercise of call options in a subsidiary

On 9 October 2023, the Company served a written notice to Trakniaga Sdn. Bhd. ("Trakniaga") to exercise the Call Option by requiring Trakniaga to dispose of all the remaining ordinary shares in Trackwork & Supplies Sdn. Bhd. in accordance with the terms and conditions of the Shareholders' Agreement dated 28 February 2018 for a consideration of RM5,477,847.

AUDITORS

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

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

....

DATO' NIK MOD AMIN BIN NIK ABD MAJID
Director

....

DATO' AHMAD KABEER BIN MOHAMED NAGOOR
Director

Date: 16 October 2023

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	17,843,281	15,674,168	26,689	32,036
Right-of-use assets	6	3,735,719	2,281,680	–	–
Investment properties	7	6,463,205	6,463,205	–	–
Intangible assets	8	31,439,577	36,785,467	–	–
Investment in subsidiaries	9	–	–	109,607,541	108,480,529
Investment in an associate	10	–	–	–	–
Amount due from subsidiaries	11	–	–	4,921,080	–
Deferred tax assets	12	6,397,330	2,648,652	–	–
Total non-current assets		65,879,112	63,853,172	114,555,310	108,512,565
Current assets					
Inventories	13	34,787,678	35,836,393	–	–
Current tax assets		10,506,578	5,558,767	–	–
Trade and other receivables	14	158,791,661	120,577,305	131,630	2,193,073
Contract assets	15	46,052,641	55,174,364	–	–
Amount due from subsidiaries	11	–	–	1,189,563	9,971,676
Amount due from an associate	16	183,669	14,565	–	–
Short-term investments	17	7,827,542	17,940,617	362,500	350,826
Cash and short-term deposits	18	119,474,029	112,945,015	1,500,105	5,994,656
		377,623,798	348,047,026	3,183,798	18,510,231
Asset classified as held for sale	19	–	380,000	–	–
Total current assets		377,623,798	348,427,026	3,183,798	18,510,231
TOTAL ASSETS		443,502,910	412,280,198	117,739,108	127,022,796

STATEMENTS OF FINANCIAL POSITION (CONT'D)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	20	119,696,879	119,151,295	119,696,879	119,151,295
Treasury shares	21	(1,287,081)	(1,287,081)	(1,287,081)	(1,287,081)
Other reserves	22	13,776,260	10,967,014	12,586,413	12,883,502
Retained earnings/ (Accumulated losses)		91,590,182	95,684,263	(19,381,368)	(14,819,298)
		223,776,240	224,515,491	111,614,843	115,928,418
Non-controlling interests		72,864,108	65,056,050	–	–
TOTAL EQUITY		296,640,348	289,571,541	111,614,843	115,928,418
Non-current liabilities					
Loans and borrowings	23	2,857,217	4,825,648	–	–
Trade and other payables	24	352,508	352,508	–	–
Deferred tax liabilities	12	29,380	29,380	–	–
Total non-current liabilities		3,239,105	5,207,536	–	–
Current liabilities					
Loans and borrowings	23	22,139,591	13,273,114	5,000,000	3,000,000
Current tax liabilities		1,898,954	1,689,111	46,480	186,795
Trade and other payables	24	92,608,211	80,186,765	707,594	671,975
Employee benefits	25	1,408,350	1,189,297	–	–
Contract liabilities	15	25,557,787	21,162,287	–	–
Amount due to subsidiaries	11	–	–	370,191	7,235,608
Amount due to directors	26	10,564	547	–	–
Total current liabilities		143,623,457	117,501,121	6,124,265	11,094,378
TOTAL LIABILITIES		146,862,562	122,708,657	6,124,265	11,094,378
TOTAL EQUITY AND LIABILITIES		443,502,910	412,280,198	117,739,108	127,022,796

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Revenue	27	381,304,691	355,194,991	6,480,000	13,620,000
Cost of sales		(302,041,016)	(259,904,875)	–	–
Gross profit		79,263,675	95,290,116	6,480,000	13,620,000
Other income		2,444,462	2,935,019	1,100,000	–
Administrative expenses		(57,471,728)	(52,021,371)	(2,718,920)	(2,578,142)
Other expenses		(5,345,890)	(2,789,000)	(2,993,414)	(521,450)
Net allowance of impairment losses on receivables and contract assets		(6,493,832)	(703,475)	–	–
Operating profit		12,396,687	42,711,289	1,867,666	10,520,408
Finance income/(costs), net	28	1,433,263	398,668	107,878	(110,431)
Profit before tax	29	13,829,950	43,109,957	1,975,544	10,409,977
Income tax expense and zakat	31	(3,038,063)	(8,903,630)	(267,438)	(362,046)
Profit for the financial year		10,791,887	34,206,327	1,708,106	10,047,931
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		4,298,386	1,928,494	–	–
Revaluation of property, plant and equipment		358,720	93,038	–	–
Other comprehensive income for the financial year		4,657,106	2,021,532	–	–
Total comprehensive income for the financial year		15,448,993	36,227,859	1,708,106	10,047,931
Profit attributable to:					
Owners of the Company		2,176,095	21,532,326	1,708,106	10,047,931
Non-controlling interests		8,615,792	12,674,001	–	–
		10,791,887	34,206,327	1,708,106	10,047,931
Total comprehensive income attributable to:					
Owners of the Company		5,319,645	22,780,246	1,708,106	10,047,931
Non-controlling interests		10,129,348	13,447,613	–	–
		15,448,993	36,227,859	1,708,106	10,047,931
Earnings per share (sen):					
Basic	32	0.69	6.80		
Diluted	32	0.68	6.75		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Attributable to owners of the Company						
		Share capital RM	**Treasury shares RM**	**Other reserves RM**	**Retained earnings RM**	**Sub-total RM**	**Non-controlling interests RM**	**Total equity RM**
Group								
At 1 July 2022		119,151,295	(1,287,081)	10,967,014	95,684,263	224,515,491	65,056,050	289,571,541
Total comprehensive income for the financial year								
Profit for the financial year		–	–	–	2,176,095	2,176,095	8,615,792	10,791,887
Other comprehensive income for the financial year		–	–	3,106,335	–	3,106,335	1,550,771	4,657,106
Total comprehensive income		–	–	3,106,335	2,176,095	5,282,430	10,166,563	15,448,993
Transactions with owners								
Dividends paid/payable on shares to:								
- Owners of the Company	33	–	–	–	(6,357,813)	(6,357,813)	–	(6,357,813)
- Non-controlling interest		–	–	–	–	–	(2,940,000)	(2,940,000)
Issuance of ordinary shares pursuant to:								
- Exercise of ESOS	20	545,584	–	(209,452)	–	336,132	–	336,132
Share options lapsed		–	–	(87,637)	87,637	–	–	–
Winding up of a subsidiary		–	–	–	–	–	581,495	581,495
Total transactions with owners		545,584	–	(297,089)	(6,270,176)	(6,021,681)	(2,358,505)	(8,380,186)
At 30 June 2023		119,696,879	(1,287,081)	13,776,260	91,590,182	223,776,240	72,864,108	296,640,348

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Note	Share capital RM	Treasury shares RM	Other reserves RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
		← Attributable to owners of the Company				→		
Group								
At 1 July 2021		119,033,525	(1,287,081)	9,929,851	78,644,634	206,320,929	56,908,437	263,229,366
Total comprehensive income for the financial year								
Profit for the financial year		–	–	–	21,532,326	21,532,326	12,674,001	34,206,327
Other comprehensive income for the financial year		–	–	1,247,920	–	1,247,920	773,612	2,021,532
Total comprehensive income		–	–	1,247,920	21,532,326	22,780,246	13,447,613	36,227,859
Transactions with owners								
Dividends paid/payable on shares to:								
- Owners of the Company	33	–	–	–	(4,748,727)	(4,748,727)	–	(4,748,727)
- Non-controlling interest		–	–	–	–	–	(5,300,000)	(5,300,000)
Issuance of ordinary shares pursuant to:								
- Exercise of ESOS	20	117,770	–	(44,736)	–	73,034	–	73,034
Share options granted		–	–	90,009	–	90,009	–	90,009
Share options lapsed		–	–	(256,030)	256,030	–	–	–
Total transactions with owners		117,770	–	(210,757)	(4,492,697)	(4,585,684)	(5,300,000)	(9,885,684)
At 30 June 2022		119,151,295	(1,287,081)	10,967,014	95,684,263	224,515,491	65,056,050	289,571,541

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Note	Share capital RM	Treasury shares RM	Other reserves RM	Accumulated losses RM	Total equity RM
		Attributable to owners of the Company				
Company						
At 1 July 2022		119,151,295	(1,287,081)	12,883,502	(14,819,298)	115,928,418
Total comprehensive income for the financial year		–	–	–	1,708,106	1,708,106
Transactions with owners						
Dividends paid on shares	33	–	–	–	(6,357,813)	(6,357,813)
Issuance of ordinary shares pursuant to:						
- Exercise of ESOS	20	545,584	–	(209,452)	–	336,132
Share options lapsed		–	–	(87,637)	87,637	–
Total transactions with owners		545,584	–	(297,089)	(6,270,176)	(6,021,681)
At 30 June 2023		119,696,879	(1,287,081)	12,586,413	(19,381,368)	111,614,843
At 1 July 2021		119,033,525	(1,287,081)	13,094,259	(20,374,532)	110,466,171
Total comprehensive income for the financial year		–	–	–	10,047,931	10,047,931
Transactions with owners						
Dividends paid on shares	33	–	–	–	(4,748,727)	(4,748,727)
Issuance of ordinary shares pursuant to:						
- Exercise of ESOS	20	117,770	–	(44,736)	–	73,034
Share options granted		–	–	90,009	–	90,009
Share options lapsed		–	–	(256,030)	256,030	–
Total transactions with owners		117,770	–	(210,757)	(4,492,697)	(4,585,684)
At 30 June 2022		119,151,295	(1,287,081)	12,883,502	(14,819,298)	115,928,418

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash flows from operating activities					
Profit before tax		13,829,950	43,109,957	1,975,544	10,409,977
Adjustments for:					
Deposits written off		14,432	–	–	–
Depreciation of property, plant and equipment		2,822,452	2,649,107	16,863	16,652
Depreciation of right-of-use assets		2,304,987	1,623,281	–	–
Dividend income		–	–	(4,560,000)	(11,700,000)
Employee benefits		143,785	133,795	–	–
Fair value loss on investment properties		–	120,001	–	–
Finance costs		839,446	981,668	227,270	457,750
Finance income		(2,272,709)	(1,380,336)	(335,148)	(347,319)
Gain on disposal of investment property		–	(145,000)	–	–
Gain on disposal of property, plant and equipment		(234,783)	(384,605)	–	–
Inventories written down to net realisable value		658,601	273,999	–	–
Inventories written off		127,875	–	–	–
Loss on winding up of a subsidiary		575,139	–	–	–
Net impairment losses on:					
- amount due from subsidiaries		–	–	32,979	33,242
- contract assets		3,219,959	642,503	–	–
- goodwill		5,345,890	2,789,000	–	–
- investment in subsidiaries		–	–	1,893,414	521,450
- trade receivables		3,070,784	20,959	–	–
- other receivables		(23,597)	12,847	–	–
- retention sum		226,686	27,166	–	–
- property, plant and equipment		72,297	–	–	–
Other payable written off		–	(1,948)	–	–
Property, plant and equipment written off		3,266	26,290	–	–
Share options granted under ESOS		–	90,009	–	13,727
Unrealised (gain)/loss on foreign exchange		(874,551)	258,873	–	–
Withholding tax recoverable written off		–	7,434	–	–
Operating profit/(loss) before changes in working capital, carried forward		29,849,909	50,855,000	(749,078)	(594,521)

STATEMENTS OF CASH FLOWS (CONT'D)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash flows from operating activities (Cont'd)					
Operating profit/(loss) before changes in working capital, carried forward		29,849,909	50,855,000	(749,078)	(594,521)
Changes in working capital:					
Inventories		262,239	(6,527,884)	–	–
Trade and other receivables/ Contract assets		(36,265,830)	17,948,927	2,061,443	(778,420)
Trade and other payables/ Contract liabilities		16,816,946	1,689,231	35,619	(5,300)
Cash generated from/(used in) operations		10,663,264	63,965,274	1,347,984	(1,378,241)
Dividend received		–	–	4,560,000	11,700,000
Income tax paid		(6,019,236)	(11,627,169)	(407,753)	(295,105)
Income tax refunded		–	266,681	–	–
Zakat paid		(120,000)	(120,000)	–	–
Interest paid		(839,446)	(981,668)	(227,270)	(457,750)
Net cash from operating activities		3,684,582	51,503,118	5,272,961	9,568,904
Cash flows from investing activities					
(Repayment from)/Advances to associate		(169,104)	113,440	–	–
Advances to subsidiaries		–	–	(193,781)	(2,187,177)
Finance income		1,477,495	1,066,080	142,563	66,246
(Placement)/Withdrawal of deposits with tenure more than 3 months		(7,422,140)	3,597,175	–	–
Placement of short-term investments		–	(4,885,416)	–	–
Proceeds from disposal of property, plant and equipment		255,000	386,607	–	–
Proceeds from disposal of asset classified as held for sale		380,000	–	–	–
Proceeds from disposal of short-term investments		10,703,165	6,945,094	–	–
Purchase of property, plant and equipment		(4,465,165)	(3,483,635)	(11,516)	–
Repayment from subsidiaries		–	–	1,182,320	6,050,521
Net cash from investing activities		759,251	3,739,345	1,119,586	3,929,590

STATEMENTS OF CASH FLOWS (CONT'D)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash flows from financing activities	(a)				
Advances from/(Repayment to) directors		10,017	(31,347)	–	–
Repayment to subsidiaries		–	–	(6,865,417)	(3,633,013)
Changes in pledged deposits		237,786	(4,872,442)	–	–
Dividend paid to:					
- Owners of the Company		(6,357,813)	(4,748,727)	(6,357,813)	(4,748,727)
- Non-controlling interests		(2,940,000)	(5,300,000)	–	–
Drawdown of hire purchase		1,309,145	747,634	–	–
Drawdown of revolving credits		13,000,000	3,000,000	5,000,000	3,000,000
Drawdown of trade loan		1,104,422	4,819,180	–	–
Payment of lease liabilities		(2,181,653)	(1,074,991)	–	–
Proceeds from exercise of ESOS		336,132	73,034	336,132	73,034
Repayment of hire purchase		(614,172)	(1,093,908)	–	–
Repayment of revolving credits		(3,400,000)	(5,700,000)	(3,000,000)	(4,900,000)
Repayment of term loans		(5,718,401)	(5,712,613)	–	–
Repayment of trade loan		(916,937)	(14,155,968)	–	–
Net cash used in financing activities		(6,131,474)	(34,050,148)	(10,887,098)	(10,208,706)
Net (decrease)/increase in cash and cash equivalents		(1,687,641)	21,192,315	(4,494,551)	3,289,788
Cash and cash equivalents at the beginning of the financial year		94,791,418	72,093,769	5,994,656	2,704,868
Effects of exchange rate changes on cash and cash equivalents		393,789	1,505,334	–	–
Cash and cash equivalents at the end of the financial year	18	93,497,566	94,791,418	1,500,105	5,994,656

STATEMENTS OF CASH FLOWS (CONT'D)

(a) Reconciliation of liabilities arising from financing activities:

	1 July 2022 RM	Cash flows RM	Non-cash acquisition RM	30 June 2023 RM
Group				
Revolving credits	4,800,000	9,600,000	–	14,400,000
Term loans	5,718,401	(5,718,401)	–	–
Trade loan	2,307,608	187,485	–	2,495,093
Lease liabilities	1,863,001	(2,181,653)	3,677,130	3,358,478
Hire purchase payables	1,429,266	694,973	–	2,124,239
	16,118,276	2,582,404	3,677,130	22,377,810

	1 July 2021 RM	Cash flows RM	Non-cash acquisition RM	30 June 2022 RM
Group				
Revolving credits	7,500,000	(2,700,000)	–	4,800,000
Term loans	11,431,014	(5,712,613)	–	5,718,401
Trade loan	11,644,396	(9,336,788)	–	2,307,608
Lease liabilities	1,300,570	(1,074,991)	1,637,422	1,863,001
Hire purchase payables	1,775,540	(346,274)	–	1,429,266
	33,651,520	(19,170,666)	1,637,422	16,118,276

Company

Changes in liabilities arising from financing activities are changes arising from cash flows.

(b) During the financial year, the total cash outflows of the Group for leases is RM3,665,066 (2022: RM2,822,832).

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

AWC Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Third Floor, No. 77, 79 & 81, Jalan SS 21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 20-2, Subang Business Centre, Jalan USJ 9/5T, 47620 UEP Subang Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 9 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 16 October 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

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

Amendments/Improvements to MFRSs	
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets

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. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#/ 1 January 2024
MFRS 9	Financial Instruments	1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#/ 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023#/ 1 January 2024
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 121	The Effects of Changes in Foreign Exchange Rate	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#

\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

In another amendments, an entity is required to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

The Group and the Company are currently assessing the impact of initial application of the above applicable amendments/improvements to MFRSs. Nevertheless, the Group and the Company expect that the initial application is unlikely to have material financial impacts to the current period and prior period financial statements of the Group and of the Company.

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, unless otherwise stated.

2.5 Basis of measurement

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

2.6 Use of estimates and judgement

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. 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 and economic entities

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries and associate 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.

(a) Subsidiaries and business combination

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

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

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

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

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

The accounting policy for goodwill is set out in Note 3.8(a) to the financial statements.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation and economic entities (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

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

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

(b) Non-controlling interests

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

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

(c) Associates

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation and economic entities (Cont'd)

(c) Associates (Cont'd)

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

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

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

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup 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, investment in subsidiaries is measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b) to the financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency transactions and operations

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

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

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

(b) Translation of foreign operations

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 contractual provisions of the financial instruments.

(a) Initial recognition

Except for the trade receivables that do not contain a significant financing component, financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Transaction costs attributable to a financial asset or financial liability carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables that do not contain a significant financing component or where the Group and the Company expect the period between when the promised goods are transferred and when the customer pays will be one year or less, are measured at the transaction price determined under MFRS 15.

(b) Subsequent measurement

The Group and the Company categorise financial instruments as follows:

(i) Financial assets

- **Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a) to the financial statements. Gain and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through profit or loss ("FVPL")**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(b) Subsequent measurement (Cont'd)

The Group and the Company categorise financial instruments as follows (Cont'd):

(ii) Financial liabilities

The Group and the Company classify their financial liabilities as financial liabilities measured at amortised cost.

Financial liabilities are subsequently measured at amortised cost using effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the EIR amortisation process.

(c) 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 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 amount of the loss allowance determined using the general 3-stage approach as described in Note 3.12(a) to the financial statements and the amount initially recognised, and where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

(a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or
(b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(e) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.5 Property, plant and equipment

(a) Recognition and measurement

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, plant and equipment (Cont'd)

(b) Subsequent costs

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

(c) Depreciation

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

Buildings	2%
Leasehold buildings	Over the lease period of 92 years
Computer equipment and software	10% to 50%
Machinery, equipment and motor vehicles	10% to 50%
Furniture, fittings and office equipment	8% to 20%
Electrical installation and renovation	10% to 33 1/3%

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

(d) Derecognition

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

3.6 Leases

(a) Definition of lease

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in Note 6 to the financial statements and lease liabilities in Note 23 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprises fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

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.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(b) to the financial statements, then it classifies the sub-lease as an operating lease.

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

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the 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.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

3.7 Investment properties

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

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

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17 to the financial statements.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Intangible assets

(a) Goodwill on consolidation

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

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 when there is objective evidence of impairment.

(b) Other intangible asset

Intangible asset, other than goodwill, that are acquired by the Group, which have finite useful life, is measured at cost less accumulated amortisation and any accumulated impairment loss. Amortisation is recognised in profit or loss over the period of the customer contracts. Amortisation methods and useful life are reviewed at the end of each reporting period and adjusted, if appropriate.

3.9 Inventories

Inventories consist of raw materials and consumables, trading and installation goods, work in progress and finished goods.

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

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

- Raw materials and consumables are determined using the first-in first-out basis.
- Trading and installation goods are assigned on a weighted average cost basis.
- Work in progress are assigned on a weighted average cost basis.
- Finished goods are assigned on a weighted average cost basis.

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

3.10 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Cash and cash equivalents

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

3.12 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, contract assets and financial guarantee contracts are subject to the impairment requirement in MFRS 9 to account for expected credit losses. Expected credit loss ("ECL") is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance as follows:

(i) General 3-stage approach for other receivables and cash and short-term deposits.

At each reporting date, the Group and the Company measure loss allowance at an amount equal to credit losses that result from default events that are possible within the next 12-months ("12-month ECL") if credit risk on a financial instrument has not increased significantly since initial recognition.

For other financial instruments, a loss allowance at an amount equal to credit losses over the remaining life of the exposure ("lifetime ECL") is required.

(ii) Simplified approach for trade receivables and contract assets.

The Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime ECL at each reporting date. The Group considers the ECL rates for trade receivables as a reasonable approximation of the loss rates for contract assets of the same customer or with similar risk characteristics.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

Generally, the Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of assets (Cont'd)

(a) Impairment of financial assets and contract assets (Cont'd)

The Group and the Company consider a financial asset to be in default (or credit-impaired) when contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. Nevertheless, in other cases, the Group and the Company may also consider internal and external information that indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. Those information includes instances where:

- the counterparty is in significant financial difficulty;
- the counterparty is in breach of financial covenants;
- the lender of the counterparty having granted to the counterparty a concession that the lender would not otherwise consider; or
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

Impairment losses (or reversal) are recognised in profit or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the counterparty no longer have assets or a source of income that could generate sufficient cash flows to repay the amount owing.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets, deferred tax assets and investment properties measured at fair value) 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of assets (Cont'd)

(b) Impairment of non-financial assets (Cont'd)

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

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

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.

3.13 Share capital

(a) Ordinary shares

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

(b) Treasury shares

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

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.14 Employee benefits

(a) Short-term employee benefits

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

(b) Defined contribution plans

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Employee benefits (Cont'd)

(c) Defined benefit plans

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

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

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

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

3.15 Provisions

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

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

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

3.16 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as sales and services tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue and other income (Cont'd)

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts. Any cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability is disclosed in the financial statements.

Financing components

The Group has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if it expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

(a) Construction and engineering contracts

The Group constructs facilities and performs engineering works under contracts with customers. Construction and engineering service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the facilities and engineering works is transferred over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with a credit term of 30 to 180 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers for construction of facilities and engineering works based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue and other income (Cont'd)

(b) Design, manufacture and supply contracts

The Group designs, manufacture and supply goods under contracts with customers.

Under the terms of the contracts, control of certain underlying goods in relation to the manufacture and supply contracts is transferred over time as:

(i) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(ii) the Group's performance does not create an asset with alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Revenue of such contracts is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of costs incurred for work performed to date bear to the estimated total costs (an input method).

Sales are made with credit term ranging from 30 to 180 days, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

(c) Sale of goods

Revenue from sale of goods, unless control transfers over time, is recognised at a point in time when control of the goods is passed to the customer, which is the point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of 30 to 180 days.

(d) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method), labour hours expended (input method) or costs incurred (input method). When the Group does not transfer control of the services over time, revenue is recognised at a point in time as the services are rendered.

Sales are made with a credit term of 30 to 180 days.

(e) Commission income

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

Sales are made with a credit term of 30 to 90 days.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue and other income (Cont'd)

(f) Rental income

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

(g) Dividend income

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

(h) Interest income

Interest income is recognised using the effective interest method.

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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

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

3.18 Income tax

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

(a) Current tax

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Income tax (Cont'd)

(b) Deferred tax

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Income tax (Cont'd)

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax 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 sales and services tax included.

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

3.19 Earnings per share

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

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

3.20 Operating segments

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

3.21 Fair value measurements

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

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

4.1 Impairment of goodwill on business combination

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

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 8.1 to the financial statements.

4.2 Impairment of trade receivables and contract assets

The impairment provisions for trade receivables and contract assets are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets and contract assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's trade receivables and contract assets are disclosed in Note 34 to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

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

4.3 Construction and engineering revenue

The Group recognised construction and engineering services revenue in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 15 to the financial statements.

4.4 Impairment of investment in subsidiaries

The Company assesses its investment in subsidiaries at the end of the reporting period for any objective evidence that the investment may be impaired. For the purpose of assessing impairment, the Company determines its share of the present value of the estimated future cash flows expected to be generated by the subsidiaries. In estimating the present value of the estimated cash flows, the Company applies a suitable discount rate and make assumptions underlying the cash flow projections which include future revenue, gross profit margin and operating expenses.

The carrying amounts of investment in subsidiaries are disclosed in Note 9 to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

	At valuation	At cost				
	Buildings RM	Computer equipment and software RM	Machinery, equipment and motor vehicles RM	Furniture, fittings and office equipment RM	Electrical installation and renovation RM	Total RM
Group						
2023						
Valuation/Cost						
At 1 July 2022	8,005,579	11,003,328	16,529,867	8,098,137	2,120,709	45,757,620
Additions	–	524,197	3,022,366	844,412	74,190	4,465,165
Disposals	–	(83,339)	(1,074,874)	(32,439)	(61,745)	(1,252,397)
Written off	–	(660,312)	–	(23,376)	–	(683,688)
Revaluation	472,000	–	–	–	–	472,000
Elimination on revaluation	(472,000)	–	–	–	–	(472,000)
Exchange differences	–	108,579	272,219	78,431	43,402	502,631
At 30 June 2023	8,005,579	10,892,453	18,749,578	8,965,165	2,176,556	48,789,331
Accumulated depreciation and impairment loss						
At 1 July 2022	587,042	9,904,980	12,279,066	5,363,174	1,949,190	30,083,452
Depreciation charge for the financial year	141,600	489,331	1,674,042	450,583	66,896	2,822,452
Disposals	–	(83,339)	(1,054,657)	(32,439)	(61,745)	(1,232,180)
Written off	–	(658,396)	–	(22,026)	–	(680,422)
Elimination on revaluation	(472,000)	–	–	–	–	(472,000)
Impairment loss	72,297	–	–	–	–	72,297
Exchange differences	–	84,773	162,536	64,526	40,616	352,451
At 30 June 2023	328,939	9,737,349	13,060,987	5,823,818	1,994,957	30,946,050
Net carrying amount						
At 30 June 2023	7,676,640	1,155,104	5,688,591	3,141,347	181,599	17,843,281

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At valuation	At cost				
	Buildings RM	Computer equipment and software RM	Machinery, equipment and motor vehicles RM	Furniture, fittings and office equipment RM	Electrical installation and renovation RM	Total RM
Group (Cont'd)						
2022						
Valuation/Cost						
At 30 June 2021						
- As previously reported	7,963,941	10,413,236	9,800,323	7,172,723	2,052,505	37,402,728
Reclassified from right-of-use assets	–	–	5,763,046	–	–	5,763,046
Restated balance as at 1 July 2021	7,963,941	10,413,236	15,563,369	7,172,723	2,052,505	43,165,774
Additions	–	637,795	1,874,561	917,263	54,016	3,483,635
Disposals	–	–	(975,640)	(1,500)	–	(977,140)
Written off	–	(97,584)	(15,094)	(19,088)	–	(131,766)
Revaluation	122,417	–	–	–	–	122,417
Elimination on revaluation	(80,779)	–	–	–	–	(80,779)
Exchange differences	–	49,881	82,671	28,739	14,188	175,479
At 30 June 2022	8,005,579	11,003,328	16,529,867	8,098,137	2,120,709	45,757,620
Accumulated depreciation						
At 30 June 2021						
- As previously reported	525,987	9,201,187	7,561,514	4,936,028	1,855,295	24,080,011
Reclassified from right-of-use assets	–	–	4,362,720	–	–	4,362,720
Restated balance as at 1 July 2021	525,987	9,201,187	11,924,234	4,936,028	1,855,295	28,442,731
Depreciation charge for the financial year	141,834	743,548	1,267,477	416,375	79,873	2,649,107
Disposals	–	–	(973,638)	(1,500)	–	(975,138)
Written off	–	(86,268)	(7,547)	(11,661)	–	(105,476)
Elimination on revaluation	(80,779)	–	–	–	–	(80,779)
Exchange differences	–	46,513	68,540	23,932	14,022	153,007
At 30 June 2022	587,042	9,904,980	12,279,066	5,363,174	1,949,190	30,083,452
Net carrying amount						
At 30 June 2022	7,418,537	1,098,348	4,250,801	2,734,963	171,519	15,674,168

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Computer equipment and software RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
Cost				
At 1 July 2021/30 June 2022/1 July 2022	529,691	63,853	67,745	661,289
Addition	–	11,516	–	11,516
Disposals	(78,859)	(32,439)	(61,745)	(173,043)
At 30 June 2023	450,832	42,930	6,000	499,762
Accumulated depreciation				
At 1 July 2021	481,288	63,568	67,745	612,601
Charge for the financial year	16,451	201	–	16,652
At 30 June/1 July 2022	497,739	63,769	67,745	629,253
Depreciation charge for the financial year	15,629	1,234	–	16,863
Disposals	(78,859)	(32,439)	(61,745)	(173,043)
At 30 June 2023	434,509	32,564	6,000	473,073
Net carrying amount				
At 30 June 2023	16,323	10,366	–	26,689
At 30 June 2022	31,952	84	–	32,036

(a) Revaluation of freehold buildings

The properties were revalued by the directors based on the valuation carried out in June 2023 by an independent firm of professional valuer. The fair value of the freehold buildings of the Group is categorised as Level 2. The fair value was determined by using the market comparable approach that reflects recent transaction prices, adjusted for differences in the nature, location or condition of the buildings. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The most significant input into this valuation approach is price per square foot of comparable properties.

Had the buildings been carried under the cost method, the net carrying amount of the revalued assets at cost less accumulated depreciation would have been RM3,365,606 (2022: RM3,418,594) as at the end of the financial year.

(b) Assets pledged as security

Freehold buildings of the Group with a net carrying amount of RM5,654,795 (2022: RM5,353,350) have been pledged as security to secure term loans of the Group as disclosed in Note 23(a) to the financial statements.

(c) Motor vehicles under hire purchase arrangements

The carrying amount of motor vehicles held under hire purchase arrangements are RM2,213,817 (2022: RM1,400,326).

6. RIGHT-OF-USE ASSETS

The Group leases several assets including land and buildings.

Information about leases for which the Group is a lessee is presented below:

	Land RM	Buildings RM	Total RM
Group			
2023			
Cost			
At 1 July 2022	601,748	4,442,580	5,044,328
Additions	–	3,677,130	3,677,130
Derecognition upon expiration of lease	–	(3,280,092)	(3,280,092)
Exchange difference	–	275,728	275,728
At 30 June 2023	601,748	5,115,346	5,717,094
Accumulated depreciation			
At 1 July 2022	71,618	2,691,030	2,762,648
Depreciation charge for the financial year	52,302	2,252,685	2,304,987
Derecognition upon expiration of lease	–	(3,280,092)	(3,280,092)
Exchange difference	–	193,832	193,832
At 30 June 2023	123,920	1,857,455	1,981,375
Net carrying amount			
At 30 June 2023	477,828	3,257,891	3,735,719

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. RIGHT-OF-USE ASSETS (CONT'D)

Information about leases for which the Group is a lessee is presented below (Cont'd):

	Land RM	Buildings RM	Motor vehicles RM	Total RM
Group (Cont'd)				
2022				
Cost				
At 30 June 2021				
- As previously reported	547,681	3,304,247	5,763,046	9,614,974
Reclassified to property, plant and equipment	–	–	(5,763,046)	(5,763,046)
Restated balance as at at 1 July 2021	547,681	3,304,247	–	3,851,928
Additions	141,344	1,496,078	–	1,637,422
Derecognition upon expiration of lease	(87,277)	(417,072)	–	(504,349)
Exchange difference	–	59,327	–	59,327
At 30 June 2022	601,748	4,442,580	–	5,044,328
Accumulated depreciation				
At 30 June 2021				
- As previously reported	106,593	1,482,518	4,362,720	5,951,831
Reclassified to property, plant and equipment	–	–	(4,362,720)	(4,362,720)
Restated balance as at at 1 July 2021	106,593	1,482,518	–	1,589,111
Depreciation charge for the financial year	52,302	1,570,979	–	1,623,281
Derecognition upon expiration of lease	(87,277)	(417,072)	–	(504,349)
Exchange difference	–	54,605	–	54,605
At 30 June 2022	71,618	2,691,030	–	2,762,648
Net carrying amount				
At 30 June 2022	530,130	1,751,550	–	2,281,680

The Group leases land and buildings for use as its operation site, warehouse and office space. The leases generally have lease terms of 1 to 5 years, including renewal period.

7. INVESTMENT PROPERTIES

	Group 2023 RM	Group 2022 RM
At fair value:		
At 1 July 2022/2021	6,463,205	7,543,206
Disposals	–	(580,000)
Transfer to asset classified as held for sale (Note 19)	–	(380,000)
Fair value loss (Note 29)	–	(120,001)
At 30 June	6,463,205	6,463,205

In the previous financial year, investment property with a carrying amount of RM580,000 has been disposed off via contra against amounts owing to sub-contractor.

In the previous financial year, investment property with a carrying amount of RM380,000 has been transferred to asset classified as held for sale. Refer to Note 19 to the financial statements for further details on the disposal of asset classified as held for sale.

The investment properties comprise retail units in a shopping mall, stratified shop/office lots of a seven (7) storey shop/office building (intermediate unit) with one level of basement car park located within a commercial development, and a service apartment.

The freehold lands and buildings of the Group of RM5,360,000 (2022: RM5,360,000) have been pledged as security to secure term loans of the Group as disclosed in Note 23(a) to the financial statements.

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

	Group 2023 RM	Group 2022 RM
Rental income	115,200	115,200
Direct operating expenses:		
- income generating investment properties	(21,457)	(24,042)
- non-income generating investment properties	(30,849)	(40,343)

Fair value of investment properties are categorised as follows:

	Group 2023 RM	Group 2022 RM
Level 2		
Investment properties	6,463,205	6,463,205

There are no Level 1 or Level 3 investment properties or transfers between Level 1 and Level 2 during the financial year ended 30 June 2023 or 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT PROPERTIES (CONT'D)

Level 2 fair value

The fair value of properties were determined by an independent firm of professional valuers based on the market comparable approach that reflects recent transaction prices for similar properties, adjusted for differences in the nature, location or condition of the properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The most significant input into this valuation approach is price per square foot of comparable properties.

8. INTANGIBLE ASSETS

	Group	
	2023 **RM**	**2022** **RM**
Goodwill (Note 8.1)	31,439,577	36,785,467
Other intangible asset (Note 8.2)	–	–
	31,439,577	36,785,467

8.1 Goodwill

	Group	
	2023 **RM**	**2022** **RM**
Cost		
At 1 July 2022/2021/30 June	55,462,123	55,462,123
Accumulated impairment losses		
At 1 July 2022/2021	18,676,656	15,887,656
Impairment loss for the financial year (Note 29)	5,345,890	2,789,000
At 30 June	24,022,546	18,676,656
Net carrying amount		
At 30 June	31,439,577	36,785,467

Allocation of goodwill to cash-generating units ("CGUs")

The Group's goodwill has been allocated to the respective CGUs, which operate in the Environment, Engineering and Rail segments, as follows:

	Group	
	2023 **RM**	**2022** **RM**
Environment - SGSB and its subsidiaries	5,912,091	5,912,091
Engineering - QSB and its subsidiary	13,802,238	13,802,238
Engineering - DDT	–	1,445,890
Rail - TWS	11,725,248	15,625,248
	31,439,577	36,785,467

8. INTANGIBLE ASSETS (CONT'D)

8.1 Goodwill (Cont'd)

Allocation of goodwill to cash-generating units ("CGUs") (Cont'd)

Based on the impairment assessment, the carrying amounts of the goodwill as at 30 June 2023 exceeded their recoverable amounts for certain segments in view of their financial performance. Accordingly, impairment losses of RM5,345,890 (2022: RM2,789,000) are recognised which are fully allocated to goodwill and are recorded within other expenses line in profit or loss of the Group. The impairment losses on goodwill are recognised for the following segment CGUs:

	Group 2023 RM	Group 2022 RM
Engineering - DDT	1,445,890	332,000
Rail - TWS	3,900,000	2,457,000
	5,345,890	2,789,000

Key assumptions used in value-in-use computations

The recoverable amount for all CGUs has been determined based on value-in-use calculations using pre-tax cash flows projections based on financial budgets estimated by management covering a 4-year period and cash flows beyond the period are extrapolated with no growth rate assumed.

The values assigned to key assumptions are based on both external and internal sources of information. The following describes each key assumptions for which management has based its cash flows projections to undertake the impairment testing of goodwill:

	Gross margin	Revenue growth	Discount rate
2023			
Environment - SGSB and its subsidiaries	42%	7%	12%
Engineering - QSB and its subsidiary	16%	2%	14%
Engineering - DDT	34%	17%	18%
Rail - TWS	19%	26%	13%
2022			
Environment - SGSB and its subsidiaries	44%	7%	14%
Engineering - QSB and its subsidiary	16%	0%	13%
Engineering - DDT	35%	13%	12%
Rail - TWS	24%	19%	14%

8. INTANGIBLE ASSETS (CONT'D)

8.1 Goodwill (Cont'd)

Key assumptions used in value-in-use computations (Cont'd)

(a) Gross margin

The basis used to determine the value assigned to the budgeted gross margins is based on historical achieved margins and management's expectation of input prices.

(b) Revenue growth

Revenue growth over the 4-year period is projected based on management's estimation taking into consideration secured orders, anticipated identified future projects/contracts, historical growth rates and market outlook over the next 4 years.

(c) Discount rates

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

(d) Sensitivity to changes in assumptions

Other than CGUs with impairment loss, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

8.2 Other intangible asset

	Group	
	2023 RM	**2022 RM**
Cost		
At 1 July/30 June	4,270,024	4,270,024
Accumulated amortisation		
At 1 July/30 June	4,270,024	4,270,024
Net carrying amount		
At 1 July/30 June	–	–

Other intangible asset represents customer contracts arising from acquisition of Trackwork & Supplies Sdn. Bhd.

9. INVESTMENT IN SUBSIDIARIES

	Company 2023 RM	Company 2022 RM
Unquoted shares		
Cost of investment	165,513,910	165,587,910
ESOS granted to employees of subsidiaries	2,842,027	2,842,027
Less: Allowance for impairment loss	(61,768,822)	(59,949,408)
	106,587,115	108,480,529
Loans that are part of net investments	3,020,426	–
	109,607,541	108,480,529

Loans that are part of net investments represent amount owing by subsidiary which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment loss, if any.

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

	Company 2023 RM	Company 2022 RM
At 1 July	59,949,408	59,427,958
Charge for the financial year (Note 29)	2,993,414	521,450
Reversal of impairment loss (Note 29)	(1,100,000)	–
Winding up of a subsidiary	(74,000)	–
At 30 June	61,768,822	59,949,408

During the financial year, the impairment of investment in a subsidiary had been recognised within other expenses line in profit or loss of the Company to write down the carrying amount to the recoverable amount of the subsidiary in view of its financial performance. The recoverable amount was determined using pre-tax discount rate of 13% (2022: 14%).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Effective ownership and voting interest 2023 %	2022 %	Principal activities
Ambang Wira Sdn. Bhd. ("AWSB")	Malaysia	100	100	Comprehensive facility management services
Ambang Wira Facilities Sdn. Bhd. ("AWFSB") (fka AW Facility Management Sdn. Bhd.)	Malaysia	100	100	Comprehensive facility management services
AWC Renewable Energy Sdn. Bhd. ("AWCRE")	Malaysia	100	100	Dormant
AWC Facilities Engineering Sdn. Bhd. ("AWCFE") #	Malaysia	–	75	Dormant
M & C Engineering and Trading Sdn. Bhd. ("M&C(M)")	Malaysia	100	100	Air-conditioning and building automation
Ambang Wira Healthcare Sdn. Bhd. ("AWHSB") (fka Environmental & Landscape Services Sdn. Bhd.)	Malaysia	100	100	Landscaping
Teroka Energy Sdn. Bhd. ("TESB")	Malaysia	100	100	Dormant
AWC Pureti Sdn. Bhd. ("AWCP")	Malaysia	100	100	Dormant
Stream Group Sdn. Bhd. ("SGSB")**	Malaysia	51	51	General trading and installation of cleaning equipment, vacuum systems, automated vacuum waste collection system, pipe networks and specialised connections (environmental protection equipment)
Qudotech Sdn. Bhd. ("QSB")	Malaysia	100	100	Mechanical and electrical engineering works
DD Techniche Sdn. Bhd. ("DDT")	Malaysia	100	100	Contracting for mechanical engineering works and tradings of specialised water tanks and rainwater harvesting products
Trackwork & Supplies Sdn. Bhd. ("TWS")	Malaysia	60	60	Construction activities, acting as contractors and carrying on the business of general trading

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):

Name of company	Principal place of business/ Country of incorporation	Effective ownership and voting interest 2023 %	2022 %	Principal activities
Subsidiaries of SGSB:				
Stream Industries Sdn. Bhd. ("SISB")	Malaysia	51	51	Businesses of manufacturing, general trading and installation of cleaning equipment, vacuum system, automated vacuum waste collection system, pipe networks and specialised connections (environmental protection equipment)
Stream Environment (S) Pte. Ltd. ("SEPL")*	Singapore	51	51	Importers, dealers and contractors of industrial and domestic cleaning equipment and appliances
Stream Environment Sdn. Bhd. ("SESB")	Malaysia	51	51	General trading and installation of cleaning equipment, vacuum systems, automated vacuum waste collection system, pipe networks and specialised connections (environmental protection equipment)
Subsidiary of QSB:				
Qudotech (JB) Sdn. Bhd. ("QJB")	Malaysia	100	100	Mechanical and electrical engineering works
Subsidiary of M&C(M):				
M & C Engineering and Trading (S) Pte. Ltd. ("M&C(S)")*	Singapore	100	100	Air-conditioning and building automation
Subsidiary of AWSB:				
AWC Rail Sdn. Bhd. ("AWCR")	Malaysia	100	100	Dormant

* Audited by auditors other than Baker Tilly Monteiro Heng PLT.

** Branches in Abu Dhabi and Dubai audited by auditors other than Baker Tilly Monteiro Heng PLT.

\# Under creditors' voluntary winding-up and dissolved on 30 September 2023.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Non-controlling interest in subsidiaries

The effective ownership interest and voting interest of non-controlling interest are as follows:

Name of company	Principal place of business/ Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
AWC Facilities Engineering Sdn. Bhd. ("AWCFE")	Malaysia	–	25
Stream Group Sdn. Bhd. and its subsidiaries ("SGSB Group")	Malaysia	49	49
Trackwork & Supplies Sdn. Bhd. ("TWS")	Malaysia	40	40

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

Carrying amount of material non-controlling interests:

Name of company	2023 RM	2022 RM
SGSB Group	61,037,470	54,168,933
TWS	11,826,638	11,467,128

Profit allocated to non-controlling interests:

Name of company	2023 RM	2022 RM
SGSB Group	8,294,982	11,475,156
TWS	322,295	1,200,886

Total comprehensive income allocated to material non-controlling interests:

Name of company	2023 RM	2022 RM
SGSB Group	9,808,537	12,248,769
TWS	322,295	1,238,101

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Summarised financial information of material non-controlling interest

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

	SGSB Group RM	TWS RM
Summarised statement of financial position as at 30 June 2023		
Non-current assets	8,225,183	3,054,510
Current assets	141,595,425	34,718,583
Current liabilities	(26,019,320)	(8,106,880)
Non-current liabilities	(883,031)	(112,949)
Net assets	122,918,257	29,553,264
Summarised statement of comprehensive income for the financial year ended 30 June 2023		
Revenue	100,756,628	20,790,565
Profit for the financial year	16,928,534	805,737
Total comprehensive income	20,017,423	805,737
Summarised of cash flows information for the financial year ended 30 June 2023		
Cash flows from/(used in) operating activities	19,138,394	(6,299,777)
Cash flows (used in)/from investing activities	(7,138,916)	3,995,232
Cash flows used in financing activities	(6,679,737)	(426,235)
Net increase/(decrease) in cash and cash equivalents	5,319,741	(2,730,780)
Dividends paid/payable to non-controlling interests	2,940,000	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Summarised financial information of material non-controlling interest (Cont'd)

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

	SGSB Group RM	TWS RM
Summarised statement of financial position as at 30 June 2022		
Non-current assets	7,559,349	2,189,250
Current assets	121,939,439	31,903,684
Current liabilities	(20,098,094)	(5,209,017)
Non-current liabilities	(499,860)	(136,390)
Net assets	108,900,834	28,747,527
Summarised statement of comprehensive income for the financial year ended 30 June 2022		
Revenue	81,899,831	20,948,041
Profit for the financial year	23,418,686	3,002,214
Total comprehensive income	24,997,487	3,095,252
Summarised of cash flows information for the financial year ended 30 June 2022		
Cash flows from operating activities	14,834,975	9,111,627
Cash flows from/(used in) investing activities	5,118,498	(2,381,158)
Cash flows used in financing activities	(11,162,643)	(8,398,258)
Net increase in cash and cash equivalents	8,790,830	(1,667,789)
Dividends paid/payable to non-controlling interests	4,900,000	400,000

10. INVESTMENT IN AN ASSOCIATE

	Group 2023 RM	Group 2022 RM
Unquoted shares		
Cost of investment	157,482	157,482
Share of post acquisition results	(157,482)	(157,482)
	–	–

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

Name of company	Principal place of business/ Country of incorporation	Effective ownership and voting interest 2023 %	Effective ownership and voting interest 2022 %	Principal activities
Held by SGSB:				
Premium Patents Sdn. Bhd. ("PPSB")	Malaysia	24.99	24.99	Registering industrial methods, systems or processes patents and trademarks worldwide and licensing activities

The Group does not have any material associate.

The Group has not recognised its share of losses of PPSB amounting to RM34,214 (2022: RM62,941) because the Group's cumulative share of losses has exceeded its interest in that associate and the Group has no obligation in respect of these losses. The Group's cumulative losses not recognised were RM102,179 (2022: RM67,965).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	Note	Company 2023 RM	2022 RM
Non-current			
Amount due from subsidiaries	(a)	4,921,080	–
Current			
Amount due from subsidiaries	(b)	1,625,760	10,505,931
Less: Allowance for impairment losses	(c)	(436,197)	(534,255)
		1,189,563	9,971,676
Amount due to subsidiaries	(d)	(370,191)	(7,235,608)

(a) The amount due from subsidiaries (non-current) are non-trade in nature, unsecured, interest-free, not expected to be receivable within the next 12 months and are expected to be settled in cash except for an amount of RM4,083,379 (2022: RM Nil) which bears interest at a rate of 4.00% (2022: Nil%) per annum.

(b) The amount due from subsidiaries (current) are non-trade in nature, unsecured, interest-free, repayable on demand and are expected to be settled in cash. In the previous financial year, an amount of RM5,066,358 bears interest at rates ranging from 4.00% to 4.74% per annum.

(c) The Company's amount due from subsidiaries that are impaired at the reporting date and the reconciliation of movement in the impairment of amounts due from subsidiaries is as follows:

	Company 2023 RM	2022 RM
At 1 July 2022/2021	534,255	622,440
Charge for the financial year (Note 29)	32,979	33,242
Winding up of a subsidiary	(131,037)	(121,427)
At 30 June	436,197	534,255

(d) The amount due to subsidiaries are non-trade in nature, unsecured, interest-free, repayable on demand and are expected to be settled in cash except for an amount of RM Nil (2022: RM6,000,000) which bears effective interest at a rate 4.00% per annum.

12. DEFERRED TAX ASSETS/(LIABILITIES)

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

	At 1 July 2021 RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	Exchange differences RM	At 30 June 2022 RM	Recognised in profit or loss RM	Recognised in other comprehensive income RM	Exchange differences RM	At 30 June 2023 RM
Group									
Deferred tax assets									
Receivables/Contract assets	2,290,638	(28,935)	–	–	2,261,703	1,425,514	–	–	3,687,217
Payables/Contract liabilities	2,303,169	(538,158)	–	–	1,765,011	1,435,353	–	–	3,200,364
Property, plant and equipment	(1,500,968)	(21,242)	–	–	(1,522,210)	83,280	–	–	(1,438,930)
Unutilised tax losses	–	–	–	–	–	1,132,670	–	–	1,132,670
Others	(47,326)	192,483	–	(1,009)	144,148	(342,525)	–	14,386	(183,991)
	3,045,513	(395,852)	–	(1,009)	2,648,652	3,734,292	–	14,386	6,397,330
Deferred tax liabilities									
Property, plant and equipment	(7,407)	7,407	(29,380)	–	(29,380)	113,280	(113,280)	–	(29,380)
	(7,407)	7,407	(29,380)	–	(29,380)	113,280	(113,280)	–	(29,380)
	3,038,106	(388,445)	(29,380)	(1,009)	2,619,272	3,847,572	(113,280)	14,386	6,367,950

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

	Group	
	2023	**2022**
	RM	**RM**
Presented after appropriate offsetting as follows:		
Deferred tax assets	6,397,330	2,648,652
Deferred tax liabilities	(29,380)	(29,380)
	6,367,950	2,619,272

Unrecognised deferred tax assets

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

	Group	
	2023	**2022**
	RM	**RM**
Unutilised tax losses	14,101,063	14,075,971
Unabsorbed capital allowances	6,039	1,328,936
Deductible temporary differences	15,294,298	16,679,607
	29,401,400	32,084,514

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

The unutilised tax losses which are available for offset against future taxable profits of the subsidiaries will expire in the following financial years:

	Group	
	2023	**2022**
	RM	**RM**
2027	–	6,549,366
2028	6,761,821	2,225,738
2029	2,065,808	563,753
2030	3,224,232	2,713,004
2031	260,129	2,024,110
2032	1,186,597	–
2033	602,476	–
	14,101,063	14,075,971

Unrecognised temporary differences relating to investment in subsidiaries

At the reporting date, the Group has unrecognised taxable temporary differences associated with undistributed profits of the Group's foreign branch amounted to RM16,279,530 (2022: RM11,274,836) which would result in estimated tax payable of RM3,907,087 (2022: RM2,705,961) for which deferred tax liabilities have not been recognised as the Group has determined that undistributed earnings of its branch will not be distributed in the foreseeable future.

13. INVENTORIES

	Group	
	2023 RM	2022 RM
Consumables	3,176,274	2,965,408
Raw materials	4,554,578	3,355,622
Finished goods	8,097,773	12,567,858
Trading and installation goods	18,959,053	16,947,505
	34,787,678	35,836,393

(a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year amounted to RM62,946,853 (2022: RM51,440,081).

(b) The cost of inventories of the Group recognised as an expense in administrative expenses during the financial year in respect of write-down of inventories to net realisable value amounted to RM658,601 (2022: RM273,999).

(c) The cost of inventories of the Group recognised as an expense in administrative expenses during the financial year in respect of write-off of inventories amounted to RM127,845 (2022: RM Nil).

14. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Current:					
Trade					
Trade receivables	(a)				
- billed		130,475,299	96,339,311	–	–
- unbilled		12,817,045	10,469,873	–	–
		143,292,344	106,809,184	–	–
Less: Allowance for impairment losses		(29,175,635)	(25,861,981)	–	–
		114,116,709	80,947,203	–	–
Retention sum on contracts		25,247,980	26,372,885	–	–
Less: Allowance for impairment losses		(1,106,135)	(835,376)	–	–
		24,141,845	25,537,509	–	–
		138,258,554	106,484,712	–	–

14. TRADE AND OTHER RECEIVABLES (CONT'D)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Non-trade					
Other receivables	(b)	1,829,160	2,960,207	116,004	146,364
SST refundable		61,295	204,316	–	–
Dividend receivable		–	–	–	2,000,000
Staff loans		250,515	416,718	–	–
Deposits		2,072,872	1,526,875	–	–
Advances to suppliers		8,838,988	4,727,505	–	–
Prepayments		7,638,575	4,432,667	15,626	46,709
		20,691,405	14,268,288	131,630	2,193,073
Less: Allowance for impairment losses		(158,298)	(175,695)	–	–
		20,533,107	14,092,593	131,630	2,193,073
Total trade and other receivables		158,791,661	120,577,305	131,630	2,193,073

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 to 180 days (2022: 30 to 180 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

The retention sum which is receivable upon the expiry of defect liability period as provided in the contracts with customers, is expected to be collected as follows:

	Group	
	2023 RM	2022 RM
No later than one year	8,895,473	5,888,376
Later than one year	15,246,372	19,649,133
	24,141,845	25,537,509

14. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Receivables that are impaired

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

	Group 2023 RM	Group 2022 RM
Trade receivables		
At 1 July 2022/2021	25,861,981	27,262,041
Charge for the financial year (Note 29)		
- Individually assessed	5,067,103	2,210,419
Reversal of impairment loss (Note 29)	(1,996,319)	(2,189,460)
Written off	(3,192)	(1,571,684)
Exchange differences	246,062	150,665
At 30 June	29,175,635	25,861,981

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

	Group 2023 RM	Group 2022 RM
Retention sum		
At 1 July 2022/2021	835,376	781,813
Charge for the financial year (Note 29)		
- Individually assessed	559,430	523,957
Reversal of impairment loss (Note 29)	(332,744)	(496,791)
Exchange differences	44,073	26,397
At 30 June	1,106,135	835,376

The information about the credit exposures are disclosed in Note 34(b)(i) to the financial statements.

14. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Other receivables

Receivables that are impaired

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

	Group 2023 RM	Group 2022 RM
At 1 July 2022/2021	175,695	179,543
Charge for the financial year (Note 29)		
- Individually assessed	–	16,681
Reversal of impairment loss (Note 29)	(23,597)	(3,834)
Written off	–	(17,731)
Exchange differences	6,200	1,036
At 30 June	158,298	175,695

The information about the credit exposures are disclosed in Note 34(b)(i) to the financial statements.

15. CONTRACT ASSETS/(LIABILITIES)

	Group 2023 RM	Group 2022 RM
Contract assets relating to construction contracts	42,871,399	49,366,347
Contract assets relating to maintenance contracts	3,181,242	3,409,826
Contract assets relating to manufacture and supply contracts	–	2,398,191
Total contract assets	46,052,641	55,174,364
Contract liabilities relating to construction contracts	(21,290,850)	(21,030,529)
Contract liabilities relating to manufacture and supply contracts	(4,266,937)	(131,758)
Total contract liabilities	(25,557,787)	(21,162,287)

15. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(a) Significant changes in contract balances

	2023		2022	
	Contract assets Increase/ (Decrease) RM	Contract liabilities (Increase)/ Decrease RM	Contract assets Increase/ (Decrease) RM	Contract liabilities (Increase)/ Decrease RM
Group				
Revenue recognised that was included in contract liability at the beginning of the financial year	–	14,862,810	–	17,166,782
Increase due to progress billings and cash received, but revenue not recognised	–	(18,941,858)	–	(16,545,940)
Increase due to revenue recognised during the year, but subject to conditional right to consideration	35,101,630	–	45,972,731	–
Transfer from contract assets recognised at the beginning of the year to receivables	(40,449,789)	–	(47,835,936)	–
Net impairment losses of contract assets	(3,219,959)	–	(642,503)	–
Exchange differences	(553,605)	(316,452)	(182,907)	291,653

16. AMOUNT DUE FROM AN ASSOCIATE

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

17. SHORT-TERM INVESTMENTS

The short-term investments are in respect of investments in unit trust funds placed with fund management companies and are redeemable with one day notice.

18. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	62,622,100	61,322,678	1,500,105	5,994,656
Short-term deposits	56,851,929	51,622,337	–	–
	119,474,029	112,945,015	1,500,105	5,994,656

18. CASH AND SHORT-TERM DEPOSITS (CONT'D)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Short-term deposits	56,851,929	51,622,337	–	–
Less: Pledged deposits	(12,915,485)	(13,153,271)	–	–
Less: Deposits with tenure more than 3 months	(10,441,980)	(3,019,840)	–	–
	33,494,464	35,449,226	–	–
Cash and bank balances	62,622,100	61,322,678	1,500,105	5,994,656
Bank overdrafts (Note 23)	(2,618,998)	(1,980,486)	–	–
	93,497,566	94,791,418	1,500,105	5,994,656

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

	Group	
	2023	2022
Interest rate per annum (%)	1.50% to 4.05%	1.40% to 2.05%
Maturity period (days)	1 day to 365 days	1 day to 365 days

Included in deposits placed with licensed banks of the Group is an amount of RM12,915,485 (2022: RM13,153,271) which have been pledged to banks for credit facilities granted to certain subsidiaries as disclosed in Note 23(a) to the financial statements.

19. ASSET CLASSIFIED AS HELD FOR SALE

On 16 August 2022, the Group has entered into a sale and purchase agreement with third parties for the disposal of one (1) unit of investment property for a total cash consideration of RM380,000 ("Purchase Price"). The disposal was completed in December 2022.

20. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2023 Unit	2022 Unit	2023 RM	2022 RM
Issued and fully paid up (no par value):				
At 1 July 2022/2021	321,354,250	321,072,050	119,151,295	119,033,525
Issuance of shares pursuant to share options exercised	1,324,500	282,200	545,584	117,770
At 30 June	322,678,750	321,354,250	119,696,879	119,151,295

20. SHARE CAPITAL (CONT'D)

The holders of ordinary shares (except treasury 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.

During the financial year, the Company issued 1,324,500 (2022: 282,200) new ordinary shares for cash pursuant to the exercise of the Company's ESOS at exercise prices between RM0.237 to RM0.336 (2022: RM0.237 to RM0.336) per ordinary share.

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

21. TREASURY SHARES

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

The directors of the Company are committed to enhance the value of the Company and its shareholders and believe that the share repurchase plan can be executed in the best interests of the Company and its shareholders.

As at 30 June 2023, the Company held 4,628,700 (2022: 4,628,700) treasury shares out of its 322,678,750 (2022: 321,354,250) issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM1,287,081 (2022: RM1,287,081). There was no resale, cancellation or distribution of treasury shares during the financial year.

22. OTHER RESERVES

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Merger relief	(a)	–	–	12,522,542	12,522,542
Translation reserve	(b)	9,274,259	6,489,429	–	–
Revaluation reserve	(c)	4,438,130	4,116,625	–	–
Share option reserve	(d)	63,871	360,960	63,871	360,960
		13,776,260	10,967,014	12,586,413	12,883,502

(a) Merger relief

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

(b) Translation reserve

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

(c) Revaluation reserve

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

22. OTHER RESERVES (CONT'D)

(d) Share option reserve

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

On 1 October 2015, the shareholders approved the implementation of an ESOS, the main features of which are as follows:

(i) The ESOS shall be in force for a period of five years from the date of implementation and may be extended or renewed (as the case may be) for a further period of five years at the sole and absolute discretion of the directors upon recommendation of the ESOS Committee provided that the initial period of five years and such extension made shall not in aggregate exceed a duration of ten years from the date of implementation.

(ii) Natural persons who are eligible under the ESOS include executive and non-executive Directors and employees of the Group who are at least eighteen years of age whose employment with the Group has been confirmed in writing. For the case of non Malaysian citizens, participation in the ESOS shall be determined at the sole and absolute discretion of the ESOS Committee.

(iii) The aggregate number of shares to be offered under the ESOS shall not exceed 15% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at the date of offer or such other percentage of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) as may be permitted by the relevant authorities from time to time during the duration of the ESOS.

(iv) The subscription price for each share under the ESOS shall, subject always to the by-laws, be the higher of the volume weighted average market price of the shares for the five market days immediately preceding the date of offer, with a discount of not more than 10%, or any such other percentage of discounts as may be permitted by the authorities from time to time during the duration of the ESOS or the par value of the share at the date of offer.

(v) The number of shares under option and the option price may be adjusted as a result of any alteration in the capital structure of the Company by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of shares or reduction of capital or otherwise howsoever, if any, made by the Company while an option remains unexercised.

(vi) Options granted under the ESOS can be exercised by the grantee by notice in writing to the Company during the option period in the prescribed form in multiples of one hundred shares or in any other denomination as prescribed by the authorities as a board lot.

(vii) No person who is participating in the ESOS will be entitled to participate in more than one employee share options scheme currently implemented by any company within the Group.

Extension of ESOS

On 25 February 2020, the Company extended its existing ESOS which is expiring on 8 October 2020 for another five (5) years until 8 October 2025, in accordance with the terms of the ESOS By-Laws. The extension is not subject to the approval from Bursa Malaysia Securities Berhad, Securities Commission and shareholders of the Company.

22. OTHER RESERVES (CONT'D)

(d) Share option reserve (Cont'd)

Extension of ESOS (Cont'd)

Movement of share options during the financial year

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

	Number 2023 RM	WAEP 2023 RM	Number 2022 RM	WAEP 2022 RM
Group and Company				
At 1 July	8,271,282	0.435	9,872,232	0.451
Exercised	(1,324,500)	0.254	(282,200)	0.259
Lapsed	(480,800)	0.493	(1,318,750)	0.592
At 30 June	6,465,982	0.468	8,271,282	0.435
Exerciseable at the end of the financial year	6,465,982	0.468	8,271,282	0.435

The options outstanding at 30 June 2023 have exercise price ranging from RM0.237 to RM0.751 (2022: RM0.237 to RM0.751) and the weighted average remaining contractual life for the share options outstanding at 2023 was approximately 2.28 years (2022: 3.28 years).

The weighted average share price at the date of exercise of the options during the financial year was RM0.415 (2022: RM0.553).

(e) Warrants reserve

During the financial year ended 30 June 2018, the Company allotted and issued 56,824,679 free warrants in connection with the Bonus Issue of free warrants constituted under the deed poll dated 6 December 2018.

The salient features of the warrants are as follows:

(i) entitles its registered holders to subscribe for one (1) new ordinary share at the exercise price during the exercise period;
(ii) the exercise price is RM0.88 per share subject to adjustments in accordance with the provisions of the deed poll executed; and
(iii) the warrants may be exercised at any time for a period of 2 years commencing on and including 26 December 2021 ("exercise period"). Warrants that are not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose.

The movement of the warrants during the financial year is as follows:

	Number of warrants				
	At 1 July 2022	Allotment	Exercised	Lapsed	At 30 June 2023
Warrants	56,824,679	–	–	–	56,824,679

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. LOANS AND BORROWINGS

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Non-current:					
Term loans	(a)	–	3,340,057	–	–
Lease liabilities	(b)	1,322,172	603,806	–	–
Hire purchase payables	(c)	1,535,045	881,785	–	–
		2,857,217	4,825,648	–	–
Current:					
Term loans	(a)	–	2,378,344	–	–
Lease liabilities	(b)	2,036,306	1,259,195	–	–
Hire purchase payables	(c)	589,194	547,481	–	–
Revolving credits	(d)	14,400,000	4,800,000	5,000,000	3,000,000
Trade loan	(e)	2,495,093	2,307,608	–	–
Bank overdrafts	(f)	2,618,998	1,980,486	–	–
		22,139,591	13,273,114	5,000,000	3,000,000
Total loans and borrowings:					
Term loans	(a)	–	5,718,401	–	–
Lease liabilities	(b)	3,358,478	1,863,001	–	–
Hire purchase payables	(c)	2,124,239	1,429,266	–	–
Revolving credits	(d)	14,400,000	4,800,000	5,000,000	3,000,000
Trade loan	(e)	2,495,093	2,307,608	–	–
Bank overdrafts	(f)	2,618,998	1,980,486	–	–
		24,996,808	18,098,762	5,000,000	3,000,000

(a) Term loans

In the previous financial year, the term loans bear interest at rates ranging from 3.86% to 7.31% per annum and are secured and supported as follows:

(i) Legal Deed of Assignment of contract proceeds from certain projects awarded to a subsidiary by the Federal Government (represented by the Ministry of Works);
(ii) Lien on the deposits with licensed banks and the accumulation of interest thereon as disclosed in Note 18 to the financial statements;
(iii) Legal charge over the freehold buildings of a subsidiary as disclosed in Note 5 and Note 7 to the financial statements;
(iv) Corporate guarantee by the Company;
(v) Credit Guarantee Corporation (M) Bhd's ("CGC") guarantee under the Portfolio Guarantee Scheme; and
(vi) Joint and several guarantees by a director of certain subsidiary and a third party.

During the financial year, the Group fully settled its term loans.

23. LOANS AND BORROWINGS (CONT'D)

(a) Term loans (Cont'd)

The repayment period of term loans is as follows:

	Group	
	2023 RM	2022 RM
Not later than one year	–	2,378,344
Later than one year but not later than two years	–	3,340,057
	–	5,718,401

(b) Lease liabilities

The weighted average incremental borrowing rate of the Group applied to the lease liabilities are 3.00% to 6.70% (2022: 3.00% to 6.70%) per annum.

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group	
	2023 RM	2022 RM
Minimum lease payments:		
Not later than one year	2,151,707	1,318,471
Later than one year but not later than five years	1,360,022	621,629
	3,511,729	1,940,100
Less: Future finance charges	(153,251)	(77,099)
Present value of minimum lease payments	3,358,478	1,863,001
Present value of minimum lease payments payable:		
Not later than one year	2,036,306	1,259,195
Later than one year but not later than five years	1,322,172	603,806
	3,358,478	1,863,001
Less: Amount due within 12 months	(2,036,306)	(1,259,195)
Amount due after 12 months	1,322,172	603,806

23. LOANS AND BORROWINGS (CONT'D)

(c) Hire purchase payables

Certain motor vehicles of the Group as disclosed in Note 6 to the financial statements are pledged under hire purchase arrangements.

The hire purchase payables bear interest at rates ranging from 2.05% to 5.26% (2022: 2.05% to 5.16%) per annum.

Future minimum hire purchase payables together with the present value of net minimum hire purchase payments are as follows:

	Group	
	2023 **RM**	**2022** **RM**
Minimum hire purchase payments:		
Not later than one year	672,966	596,196
Later than one year but not later than five years	1,661,724	949,846
	2,334,690	1,546,042
Less: Future finance charges	(210,451)	(116,776)
Present value of minimum hire purchase payments	2,124,239	1,429,266
Present value of minimum hire purchase payable:		
Not later than one year	589,194	547,481
Later than one year but not later than five years	1,535,045	881,785
	2,124,239	1,429,266
Less: Amount due within 12 months	(589,194)	(547,481)
Amount due after 12 months	1,535,045	881,785

(d) Revolving credits

Revolving credits bear interest at rates ranging from 4.66% to 5.23% (2022: 3.61% to 3.97%) per annum and are secured and supported as follows:

(i) Corporate guarantee by the Company and certain subsidiaries;
(ii) Letter of negative pledge by the Company; and
(iii) Blanket Counter Indemnity from the Company and certain subsidiaries.

(e) Trade loan

Trade loan bears interest at rates ranging from 3.59% to 5.13% (2022: 3.41% to 3.53%) per annum and is secured by a corporate guarantee by the Company.

(f) Bank overdrafts

Bank overdrafts bear interest at rate of 3.00% (2022: 3.00%) per annum and is secured by a corporate guarantee by the Company.

24. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Non-current:					
Non-trade					
Provision for retirement benefit obligation	(a)	352,508	352,508	–	–
Current:					
Trade					
Trade payables	(b)	45,620,474	35,711,382	–	–
Retention sum on contracts		3,456,401	4,061,450	–	–
Project accruals		15,096,670	15,642,061	–	–
		64,173,545	55,414,893	–	–
Non-trade					
Other payables		1,040,191	962,613	69,048	14,238
GST payable		911,339	422,237	–	–
SST payable		5,664,079	4,528,935	–	–
Deposits		182,596	109,416	–	–
Accruals		20,636,461	18,748,671	638,546	657,737
		28,434,666	24,771,872	707,594	671,975
		92,608,211	80,186,765	707,594	671,975
Total trade and other payables (non-current and current)		92,960,719	80,539,273	707,594	671,975

(a) The Group operates an unfunded, non-contributory defined benefit retirement scheme ("the Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to retirement contribution at agreed basis for each completed year of service attainment of the retirement age of 60, without cessation of employment prior to age 65.

(b) Trade payables are non-interest bearing and are normally with credit period ranging from 30 to 90 days (2022: 30 to 90 days). The retention sum which is payable upon the expiry of defect liability period and is expected to be settled as follows:

	Group	
	2023 RM	2022 RM
No later than one year	1,502,654	438,205
Later than one year	1,953,747	3,623,245
	3,456,401	4,061,450

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. EMPLOYEE BENEFITS

	Group 2023 RM	Group 2022 RM
At 1 July	1,189,297	993,931
Recognised in profit or loss (Note 29)	143,785	133,795
Exchange difference	75,268	61,571
At 30 June	1,408,350	1,189,297

Employee benefits represent the amounts required to cover end of service benefits at the reporting date. The amounts are computed pursuant to the applicable Labour Law in United Arab Emirates based on the employees' accumulated period of service and basic remuneration at the end of reporting period.

26. AMOUNT DUE TO DIRECTORS

The amount due to directors are non-trade in nature, unsecured, interest-free, repayable on demand and is expected to be settled in cash.

27. REVENUE

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Revenue from contract with customers:				
Construction and engineering contracts	134,356,211	133,299,121	–	–
Design, manufacture and supply contracts	774,260	3,365,832	–	–
Sale of goods	45,340,432	38,612,670	–	–
Rendering of services	200,645,678	178,940,168	–	–
Commission income	188,110	977,200	–	–
Management fees	–	–	1,920,000	1,920,000
	381,304,691	355,194,991	1,920,000	1,920,000
Revenue from other source:				
Dividend income	–	–	4,560,000	11,700,000
	381,304,691	355,194,991	6,480,000	13,620,000

27. REVENUE (CONT'D)

(a) Disaggregation of revenue

The Group reports the following major segments: facilities, engineering, environment, rail in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets, products or services and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Facilities RM	Engineering RM	Environment RM	Rail RM	Total RM
Group					
2023					
Primary geographical markets:					
Malaysia	185,638,938	41,072,900	26,414,913	20,790,565	273,917,316
Singapore	–	33,045,660	51,791,645	–	84,837,305
United Arab Emirates, Abu Dhabi	–	–	22,547,592	–	22,547,592
United Arab Emirates, Dubai	–	–	2,478	–	2,478
	185,638,938	74,118,560	100,756,628	20,790,565	381,304,691
Products or services					
Refurbishment services	10,214,074	–	–	–	10,214,074
Air-conditioning and building automation	–	4,794,870	–	–	4,794,870
Automated pneumatic waste collection system	–	–	80,418,606	–	80,418,606
Mechanical and electrical engineering works	–	38,928,661	–	–	38,928,661
Sale of goods	–	27,481,533	381,142	18,252,016	46,114,691
Maintenance services	175,424,864	2,913,496	19,956,880	2,350,439	200,645,679
Commission income	–	–	–	188,110	188,110
	185,638,938	74,118,560	100,756,628	20,790,565	381,304,691
Timing of revenue recognition:					
At a point in time	5,384,559	30,395,029	381,142	20,016,305	56,177,035
Over time	180,254,379	43,723,531	100,375,486	774,260	325,127,656
	185,638,938	74,118,560	100,756,628	20,790,565	381,304,691

27. REVENUE (CONT'D)

(a) Disaggregation of revenue (Cont'd)

	Facilities RM	Engineering RM	Environment RM	Rail RM	Total RM
Group (Cont'd)					
2022					
Primary geographical markets:					
Malaysia	178,764,915	48,893,652	23,204,992	20,948,041	271,811,600
Singapore	–	24,688,552	35,866,174	–	60,554,726
United Arab Emirates, Abu Dhabi	–	–	22,828,665	–	22,828,665
	178,764,915	73,582,204	81,899,831	20,948,041	355,194,991
Products or services					
Refurbishment services	19,151,028	–	–	–	19,151,028
Air-conditioning and building automation	–	6,348,327	–	–	6,348,327
Automated pneumatic waste collection system	–	–	61,777,287	–	61,777,287
Mechanical and electrical engineering works	–	46,339,817	–	–	46,339,817
Sale of goods	–	18,941,745	5,289,261	17,747,496	41,978,502
Maintenance services	159,613,887	1,952,315	14,833,283	2,223,345	178,622,830
Commission income	–	–	–	977,200	977,200
	178,764,915	73,582,204	81,899,831	20,948,041	355,194,991
Timing of revenue recognition:					
At a point in time	5,415,276	20,894,060	5,289,261	17,582,210	49,180,807
Over time	173,349,639	52,688,144	76,610,570	3,365,831	306,014,184
	178,764,915	73,582,204	81,899,831	20,948,041	355,194,991

27. REVENUE (CONT'D)

(b) Transaction price allocated to the remaining performance obligations

As of 30 June 2023, the aggregate amount of the transaction price allocated to the remaining performance obligation is RM785.82 million (2022: RM743.81 million) and the Group will recognise this revenue as the construction are completed or services are performed, which is expected to occur over the next 5 years (2022: 5 years).

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

28. FINANCE INCOME/(COSTS), NET

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expenses on:				
- Amount due to a subsidiary	–	–	(209,752)	(374,904)
- Bank overdrafts	(149,405)	(129,572)	(17,518)	–
- Lease liabilities	(188,939)	(124,708)	–	–
- Hire purchase payables	(66,976)	(42,337)	–	–
- Revolving credits and trade loan	(316,284)	(384,385)	–	(82,846)
- Term loans	(117,842)	(300,666)	–	–
	(839,446)	(981,668)	(227,270)	(457,750)
Interest income on:				
Accretion of discount on trade receivables	102,562	151,655	–	–
Income from short-term investments	590,090	314,256	11,674	4,978
Interest income from advances to subsidiaries	–	–	180,911	276,095
Interest income from banks	1,580,057	914,425	142,563	66,246
	2,272,709	1,380,336	335,148	347,319
Finance income/(costs), net	1,433,263	398,668	107,878	(110,431)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. PROFIT BEFORE TAX

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration:				
- statutory audit:				
- Malaysian operations				
- current year	413,300	382,500	100,000	82,000
- prior year	(5,880)	14,665	–	–
- Overseas operations				
- current year	140,526	107,331	–	–
- prior year	(5,752)	–	–	–
- non-statutory audit:				
- Malaysian operations	13,000	11,000	13,000	11,000
Deposits written off	14,432	–	–	–
Depreciation of property, plant and equipment	2,822,452	2,649,107	16,863	16,652
Depreciation of right-of-use assets	2,304,987	1,623,281	–	–
Directors' fees	316,200	245,000	316,200	245,000
Employee benefits expense (Note 30)	97,150,207	82,668,591	1,550,247	1,521,335
Expenses relating to short-term leases	1,285,316	1,620,112	18,000	18,000
Expenses relating to lease of low value assets	9,158	8,790	–	–
Fair value loss on investment properties	–	120,001	–	–
Foreign exchange loss/(gain)				
- realised	77,952	(209,684)	–	–
- unrealised	(874,551)	258,873	–	–
Impairment losses on:				
- amount due from subsidiaries	–	–	32,979	33,242
- contract assets	3,219,959	642,503	–	–
- goodwill	5,345,890	2,789,000	–	–
- investment in subsidiaries	–	–	2,993,414	521,450
- trade receivables	5,067,103	2,210,419	–	–
- other receivables	–	16,681	–	–
- retention sum	559,430	523,957	–	–
- property, plant and equipment	72,297	–	–	–
Inventories written down to net realisable value	658,601	273,999	–	–
Inventories written off	127,875	–	–	–
Loss on winding up of a subsidiary	575,139	–	–	–
Property, plant and equipment written off	3,266	26,290	–	–
Provision for employee benefits	143,785	133,795	–	–
Withholding tax recoverable written off	–	7,434	–	–

29. PROFIT BEFORE TAX (CONT'D)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Gain on disposal of investment properties	–	(145,000)	–	–
Gain on disposal of property, plant and equipment	(234,783)	(384,605)	–	–
Income from sub-leasing of right-of-use assets	–	(13,200)	–	–
Rental income from investment properties	(115,200)	(115,200)	–	–
Rental income from plant and machinery	(52,800)	(37,950)	–	–
Reversal of impairment losses on investment in subsidiaries	–	–	(1,100,000)	–
Reversal of impairment losses on trade receivables	(1,996,319)	(2,189,460)	–	–
Reversal of impairment losses on other receivables	(23,597)	(3,834)	–	–
Reversal of impairment losses on retention sum	(332,744)	(496,791)	–	–

30. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, wages, bonus and allowances	85,609,922	72,911,926	1,153,769	1,134,372
Defined contribution plan	7,929,944	6,646,176	104,148	102,183
Social security costs	928,543	727,676	3,512	2,770
Employees' Share Option Scheme	–	90,009	–	13,727
Other staff related expenses	2,681,798	2,292,804	288,818	268,283
	97,150,207	82,668,591	1,550,247	1,521,335
Included in employee benefits expense are:				
Directors' other emoluments	12,781,019	10,817,364	307,200	261,000

Remuneration in the form of benefits-in-kind for the Executive Directors of the Group for the financial year amounted to RM210,549 (2022: RM133,996).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. INCOME TAX EXPENSE AND ZAKAT

The major components of income tax expense and zakat for the financial years ended 30 June 2023 and 30 June 2022 are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Statements of comprehensive income				
Current tax:				
Current financial year	7,216,084	9,058,035	416,500	485,400
Over provision in prior financial years	(450,449)	(662,850)	(149,062)	(123,354)
	6,765,635	8,395,185	267,438	362,046
Deferred tax:				
(Reversal)/Origination of temporary differences	(3,464,098)	724,347	–	–
Over provision in prior financial years	(383,474)	(335,902)	–	–
	(3,847,572)	388,445	–	–
Income tax expense recognised in profit or loss	2,918,063	8,783,630	267,438	362,046
Zakat	120,000	120,000	–	–
Total	3,038,063	8,903,630	267,438	362,046
Deferred tax related to other comprehensive income				
Revaluation of property	113,280	29,380	–	–

Domestic income tax is calculated at Malaysian statutory income tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions whilst the income from operations in Abu Dhabi are exempted from tax. During the financial year, the income tax rate applicable to the subsidiaries in Singapore was 17% (2022: 17%).

31. INCOME TAX EXPENSE AND ZAKAT (CONT'D)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	13,829,950	43,109,957	1,975,544	10,409,977
Tax at Malaysian statutory income tax rate of 24% (2022: 24%)	3,319,188	10,346,390	474,131	2,498,394
Different tax rates in other countries	(767,741)	(144,603)	–	–
Tax effects arising from:				
- non-taxable income/tax exempt	(968,641)	(4,309,346)	(1,361,202)	(2,809,195)
- non-deductible expenses	2,952,037	2,490,557	1,303,571	796,201
Tax effect of partial tax exemption	(138,910)	(54,192)	–	–
Deferred tax assets not recognised	14,523	1,453,576	–	–
Utilisation of previously unrecognised tax losses and other temporary differences	(658,470)	–	–	–
Over provision in prior years				
- current tax	(450,449)	(662,850)	(149,062)	(123,354)
- deferred tax	(383,474)	(335,902)	–	–
Zakat	120,000	120,000	–	–
Income tax expense recognised in profit or loss and zakat	3,038,063	8,903,630	267,438	362,046

32. EARNINGS PER SHARE

Basic earnings per ordinary share

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

	2023	2022
Profit for the financial year attributable to owners of the Company (RM)	2,176,095	21,532,326
Weighted average number of ordinary shares for basic earnings per share (unit)	317,486,495	316,566,066
Basic earnings per ordinary share (sen)	0.69	6.80

32. EARNINGS PER SHARE (CONT'D)

Diluted earnings per ordinary share

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

	2023	2022
Profit for the financial year attributable to owners of the Company (RM)	2,176,095	21,532,326
Weighted average number of ordinary shares for basic earnings per share (unit)	317,486,495	316,566,066
Effect of dilution from:		
- Share options	1,383,329	2,328,109
- Warrants	#	#
Weighted average number of ordinary shares for diluted earnings per share (unit)	318,869,824	318,894,175
Diluted earnings per ordinary share (sen)	0.68	6.75

\# *The unexercised warrants have no dilutive effect on the earnings per share given the warrants' exercise price is higher than the market price per ordinary share.*

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements other than the grant of 6,563,000 options to the eligible persons under the ESOS of the Company with an exercise price of RM0.418.

33. DIVIDENDS

	Group/Company	
	2023 RM	2022 RM
Dividend in respect of the financial year ended 30 June 2021		
Final single-tier dividend of 1.0 sen per share on 316,569,350 ordinary shares	–	3,165,693
Dividend in respect of the financial year ended 30 June 2022		
Interim single-tier dividend of 0.5 sen per share on 316,608,750 ordinary shares	–	1,583,034
Final single-tier dividend of 1.5 sen per share on 317,845,550 ordinary shares	4,767,673	–
Dividend in respect of the financial year ended 30 June 2023		
Interim single-tier dividend of 0.5 sen per share on 318,030,050 ordinary shares	1,590,140	–
	6,357,813	4,748,727

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

(i) Amortised cost
(ii) Fair value through profit or loss

	Carrying amount RM	Amortised cost RM	Fair value through profit or loss RM
2023			
Financial assets			
Group			
Trade and other receivables *	142,252,803	142,252,803	–
Amount due from an associate	183,669	183,669	–
Short-term investments	7,827,542	–	7,827,542
Cash and short-term deposits	119,474,029	119,474,029	–
	269,738,043	261,910,501	7,827,542
Company			
Trade and other receivables *	116,004	116,004	–
Amount due from subsidiaries	6,110,643	6,110,643	–
Short-term investments	362,500	–	362,500
Cash and short-term deposits	1,500,105	1,500,105	–
	8,089,252	7,726,752	362,500
Financial liabilities			
Group			
Loans and borrowings @	21,638,330	21,638,330	–
Trade and other payables #	86,032,793	86,032,793	–
Amount due to directors	10,564	10,564	–
	107,681,687	107,681,687	–
Company			
Loans and borrowings	5,000,000	5,000,000	–
Trade and other payables	707,594	707,594	–
Amount due to subsidiaries	370,191	370,191	–
	6,077,785	6,077,785	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

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

	Carrying amount RM	Amortised cost RM	Fair value through profit or loss RM
2022			
Financial assets			
Group			
Trade and other receivables *	111,212,817	111,212,817	–
Amount due from an associate	14,565	14,565	–
Short-term investments	17,940,617	–	17,940,617
Cash and short-term deposits	112,945,015	112,945,015	–
	242,113,014	224,172,397	17,940,617
Company			
Trade and other receivables *	2,146,364	2,146,364	–
Amount due from subsidiaries	9,971,676	9,971,676	–
Short-term investments	350,826	–	350,826
Cash and short-term deposits	5,994,656	5,994,656	–
	18,463,522	18,112,696	350,826
Financial liabilities			
Group			
Loans and borrowings @	16,235,761	16,235,761	–
Trade and other payables #	75,235,593	75,235,593	–
Amount due to directors	547	547	–
	91,471,901	91,471,901	–
Company			
Loans and borrowings	3,000,000	3,000,000	–
Trade and other payables	671,975	671,975	–
Amount due to subsidiaries	7,235,608	7,235,608	–
	10,907,583	10,907,583	–

* *Excluding SST refundable, advances to suppliers and prepayments*
@ *Excluding lease liabilities*
# *Excluding GST and SST payable and provision for retirement benefit obligation*

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

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 credit risk, liquidity risk, foreign currency risk and interest rate 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 may use derivative financial instruments, such as, forward foreign exchange contracts to hedge certain exposures. 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 and risk management committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

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 and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and deposits with banks and financial institutions and other financial instruments. 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, and acceptability of specific classes of collateral or credit risk mitigation.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position, without taking account of any collateral held or other credit enhancements.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements, except for a trade receivable of RM1,344,114 (2022: RM1,344,114) arose from sale of equipment which the Group withheld the legal title until full settlement of the outstanding balance.

In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group uses ageing analysis to monitor the credit quality of trade receivables. In managing credit risks of trade receivables, the Group also takes appropriate actions (including but not limited to legal actions) to recover long past due balances.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables and contract assets by major segments on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date are as follows:

Trade receivables:

	2023 RM	%	2022 RM	%
Group				
Facilities	50,622,406	37%	34,062,517	32%
Engineering	32,559,755	24%	30,010,760	28%
Environment	36,686,955	26%	35,454,978	33%
Rail	18,389,438	13%	6,956,457	7%
	138,258,554	100%	106,484,712	100%

Contract assets:

	2023 RM	%	2022 RM	%
Group				
Facilities	22,816,859	50%	27,397,188	50%
Engineering	5,599,227	12%	12,116,254	22%
Environment	17,636,555	38%	13,262,731	24%
Rail	–	0%	2,398,191	4%
	46,052,641	100%	55,174,364	100%

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss ("ECL") allowance for all trade receivables and contract assets. The determination of ECL also incorporates economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivables. The Group believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Credit risk concentration profile (Cont'd)

For the Group, as there are only a few customers, the Group assesses the risk of each customer individually based on their financial capability, past trend of payments and other external information relating to the customers that are publicly available.

The information about the credit risk exposure on the Group's trade receivables and contract assets as at 30 June 2023 and 30 June 2022 are as follows:

	Gross carrying amount RM	ECL allowance RM	Net balance RM
Group			
At 30 June 2023			
Trade receivables			
Current (not past due)	56,129,971	–	56,129,971
1 to 90 days past due	36,351,866	–	36,351,866
91 to 180 days past due	15,056,387	–	15,056,387
181 to 365 days past due	2,928,219	–	2,928,219
More than 365 days past due	3,650,266	–	3,650,266
Credit impaired:			
- Individually assessed	29,175,635	(29,175,635)	–
Retention sum			
Current (not past due)	24,141,845	–	24,141,845
Credit impaired:			
- Individually assessed	1,106,135	(1,106,135)	–
Contract assets			
Current (not past due)	46,052,641	–	46,052,641
Credit impaired:			
- Individually assessed	4,126,600	(4,126,600)	–
	218,719,565	(34,408,370)	184,311,195

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Credit risk concentration profile (Cont'd)

The information about the credit risk exposure on the Group's trade receivables and contract assets as at 30 June 2023 and 30 June 2022 are as follows (Cont'd):

	Gross carrying amount RM	ECL allowance RM	Net balance RM
Group (Cont'd)			
At 30 June 2022			
Trade receivables			
Current (not past due)	51,205,496	–	51,205,496
1 to 90 days past due	14,641,826	–	14,641,826
91 to 180 days past due	4,855,734	–	4,855,734
181 to 365 days past due	6,551,783	–	6,551,783
More than 365 days past due	3,692,364	–	3,692,364
Credit impaired:			
- Individually assessed	25,861,981	(25,861,981)	–
Retention sum			
Current (not past due)	25,537,509	–	25,537,509
Credit impaired:			
- Individually assessed	835,376	(835,376)	–
Contract assets			
Current (not past due)	55,174,364	–	55,174,364
Credit impaired:			
- Individually assessed	893,549	(893,549)	–
	189,249,982	(27,590,906)	161,659,076

Other receivables and other financial assets

For other receivables and other financial assets (including short-term investments, cash and short-term deposits, amount due from subsidiaries and amount due from an associate), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other receivables and other financial assets (Cont'd)

The Company provides advances to subsidiaries. The Company monitors the results of the subsidiaries in determining the recoverability of intercompany balances. The advances to subsidiaries are repayable on demand. For such advances, ECL are assessed based on the assumption that repayment of the advances is demanded at the reporting date. If the subsidiaries do not have sufficient liquid reserves when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the advances.

Other than credit-impaired other receivables, the Group and the Company consider these financial assets to have low credit risk. As at the reporting date, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets, which if any, is negligible, other than those as disclosed in Notes 13 and 16 to the financial statements.

Refer to Note 3.12(a) to the financial statements for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantees

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM19,514,091 (2022: RM14,806,495) representing the maximum amount the Company could pay if the guarantees are called on as disclosed in Note 34(b)(ii) to the financial statements. As at the reporting date, there was no loss allowance for ECL as determined by the Company for the financial guarantees.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantees are provided as credit enhancements to the subsidiaries' secured borrowings.

(ii) 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, lease liabilities and loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group and the Company also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis

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

		Contractual cash flows		
	Carrying amount RM	**On demand or within one year RM**	**Between one to five years RM**	**Total RM**
Group				
2023				
Trade and other payables	86,032,793	86,032,793	–	86,032,793
Revolving credits	14,400,000	14,400,000	–	14,400,000
Trade loan	2,495,093	2,495,093	–	2,495,093
Bank overdrafts	2,618,998	2,618,998	–	2,618,998
Amount due to directors	10,564	10,564	–	10,564
Lease liabilities	3,358,478	2,151,707	1,360,022	3,511,729
Hire purchase payables	2,124,239	1,661,724	1,661,724	3,323,448
	111,040,165	109,370,879	3,021,746	112,392,625
2022				
Trade and other payables	75,235,593	75,235,593	–	75,235,593
Term loans	5,718,401	2,538,770	3,425,978	5,964,748
Revolving credits	4,800,000	4,800,000	–	4,800,000
Trade loan	2,307,608	2,307,608	–	2,307,608
Bank overdrafts	1,980,486	1,980,486	–	1,980,486
Amount due to directors	547	547	–	547
Lease liabilities	1,863,001	1,318,471	621,629	1,940,100
Hire purchase payables	1,429,266	596,196	949,846	1,546,042
	93,334,902	88,777,671	4,997,453	93,775,124

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

The maturity analysis of the Group's and of the Company's financial liabilities by their relevant maturities at the reporting date are based on contractual undiscounted repayment obligations as follows (Cont'd):

		Contractual cash flows	
	Carrying amount RM	On demand or within one year RM	Total RM
Company			
2023			
Trade and other payables	707,594	707,594	707,594
Amount due to subsidiaries	370,191	370,191	370,191
Revolving credits	5,000,000	5,000,000	5,000,000
Financial guarantee contracts	–	19,514,091	19,514,091
	6,077,785	25,591,876	25,591,876
2022			
Trade and other payables	671,975	671,975	671,975
Amount due to subsidiaries	7,235,608	7,235,608	7,235,608
Revolving credits	3,000,000	3,000,000	3,000,000
Financial guarantee contracts	–	14,806,495	14,806,495
	10,907,583	25,714,078	25,714,078

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk

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

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

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

	Singapore Dollar ("SGD") RM	United States Dollar ("USD") RM	Emirati Dirham ("AED") RM	Chinese Yuan Renminbi ("CNY") RM	Australian Dollar ("AUD") RM	Euro ("EURO") RM	Malaysian Ringgit ("MYR") RM	Total RM
Group								
2023								
Financial assets								
Trade and other receivables	27,845,554	–	12,475,609	–	77,416	3,193,292	98,660,932	142,252,803
Amount due from an associate	–	–	–	–	–	–	183,669	183,669
Short-term investments	–	–	–	–	–	–	7,827,542	7,827,542
Cash and short-term deposits	9,959,575	302,471	10,704,625	–	–	–	98,507,358	119,474,029
	37,805,129	302,471	23,180,234	–	77,416	3,193,292	205,179,501	269,738,043

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

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

	SGD RM	USD RM	AED RM	CNY RM	AUD RM	EURO RM	MYR RM	Total RM
Group (Cont'd)								
2023 (Cont'd)								
Financial liabilities								
Trade and other payables	9,279,956	41,133	2,071,486	56,913	435,580	5,695,024	68,452,701	86,032,793
Revolving credits	–	–	–	–	–	–	14,400,000	14,400,000
Trade loan	756,394	143,156	–	–	–	1,008,208	587,335	2,495,093
Bank overdrafts	2,618,998	–	–	–	–	–	–	2,618,998
Amount due to directors	–	–	–	–	–	–	10,564	10,564
Lease liabilities	1,353,419	–	–	–	–	–	2,005,059	3,358,478
Hire purchase payables	581,392	–	–	–	–	–	1,542,847	2,124,239
	14,590,159	184,289	2,071,486	56,913	435,580	6,703,232	86,998,506	111,040,165
Net financial assets/ (liabilities)	23,214,970	118,182	21,108,748	(56,913)	(358,164)	(3,509,940)	118,180,995	158,697,878
Less: Net financial assets denominated in the entity's functional currency	(23,214,970)	–	(21,108,748)	–	–	–	(118,180,995)	(162,504,713)
Currency exposure	–	118,182	–	(56,913)	(358,164)	(3,509,940)	–	(3,806,835)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

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

	SGD RM	USD RM	AED RM	CNY RM	AUD RM	EURO RM	MYR RM	Total RM
Group								
2022								
Financial assets								
Trade and other receivables	28,357,046	3,498	12,277,591	–	–	1,439,586	69,135,096	111,212,817
Amount due from an associate	–	–	–	–	–	–	14,565	14,565
Short-term investments	–	–	–	–	–	–	17,940,617	17,940,617
Cash and short-term deposits	4,610,416	3,606,078	3,913,682	332	20,247	2,175,940	98,618,320	112,945,015
	32,967,462	3,609,576	16,191,273	332	20,247	3,615,526	185,708,598	242,113,014
Financial liabilities								
Trade and other payables	7,758,953	785,544	2,020,268	–	180,376	3,662,392	60,828,060	75,235,593
Term loans	–	–	–	–	–	–	5,718,401	5,718,401
Revolving credits	–	–	–	–	–	–	4,800,000	4,800,000
Trade loan	246,672	–	–	–	–	1,143,999	916,937	2,307,608
Bank overdrafts	1,980,486	–	–	–	–	–	–	1,980,486
Amount due to directors	–	–	–	–	–	–	547	547
Lease liabilities	1,132,756	–	–	–	–	–	730,245	1,863,001
Hire purchase payables	385,679	–	–	–	–	–	1,043,587	1,429,266
	11,504,546	785,544	2,020,268	–	180,376	4,806,391	74,037,777	93,334,902

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

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

	SGD RM	USD RM	AED RM	CNY RM	AUD RM	EURO RM	MYR RM	Total RM
Group (Cont'd)								
2022 (Cont'd)								
Net financial assets/ (liabilities)	21,462,916	2,824,032	14,171,005	332	(160,129)	(1,190,865)	111,670,821	148,778,112
Less: Net financial assets denominated in the entity's functional currency	(21,462,916)	–	(14,171,005)	–	–	–	(111,670,821)	(147,304,742)
Currency exposure	–	2,824,032	–	332	(160,129)	(1,190,865)	–	1,473,370

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

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

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

	Change in rate %	Effect on profit for the financial year RM	Effect on equity RM
2023			
- USD	+5%	4,491	4,491
	-5%	(4,491)	(4,491)
- CNY	+5%	(2,163)	(2,163)
	-5%	2,163	2,163
- AUD	+5%	(13,610)	(13,610)
	-5%	13,610	13,610
- EURO	+5%	(133,378)	(133,378)
	-5%	133,378	133,378
2022			
- USD	+5%	107,313	(107,313)
	-5%	(107,313)	107,313
- CNY	+5%	13	(13)
	-5%	(13)	13
- AUD	+5%	(6,085)	6,085
	-5%	6,085	(6,085)
- EURO	+5%	(45,253)	45,253
	-5%	45,253	(45,253)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings (excluding lease liabilities) with floating interest rates.

The Group and the Company's loans and borrowings (excluding lease liabilities) with floating interest rates amounting to RM19,514,091 (2022: RM11,466,438) and RM5,000,000 (2022: RM3,000,000) respectively.

The Group and the Company actively review their debt portfolio, taking into account the investment holding period and nature of their assets.

Sensitivity analysis for interest rate risk

If the interest rate had been 50 (2021: 50) basis points higher/lower and all other variables held constant, the Group's and the Company's profit for the year and equity would decrease/increase by RM82,226 (2022: RM61,696) and RM25,000 (2022: RM15,000) respectively as a result of exposure to floating rate loans and borrowings.

(c) Fair value measurement

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

The fair value of short-term investments is determined by reference to the redemption price at the reporting date.

The carrying amount of long-term floating rate loans are reasonable approximation of fair value as the loans will be re-priced to market interest rate on or near reporting date.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between Level 1 and Level 2 during the financial year (2022: no transfer in either directions).

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value measurement (Cont'd)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

		Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
	Carrying amount RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group									
2023									
Financial asset									
Short-term investments	7,827,542	7,827,542	–	–	7,827,542	–	–	–	–
Financial liability									
Hire purchase payables	2,124,239	–	–	–	–	2,106,179	–	–	2,106,179
2022									
Financial asset									
Short-term investments	17,940,617	17,940,617	–	–	17,940,617	–	–	–	–
Financial liability									
Hire purchase payables	1,429,266	–	–	–	–	1,434,392	–	–	1,434,392
Company									
2023									
Financial asset									
Short-term investments	362,500	362,500	–	–	362,500	–	–	–	–
2022									
Financial asset									
Short-term investments	350,826	350,826	–	–	350,826	–	–	–	–

35. RELATED PARTIES

(a) Identity of related parties

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

Related parties of the Group include:

(i) Subsidiaries;
(ii) Associate; and
(iii) Key management personnel of the Group, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions and balances

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2023 RM	**2022 RM**
Dividend income		
Subsidiaries	(4,560,000)	(11,700,000)
Management fee income		
Subsidiaries	(1,920,000)	(1,920,000)
Interest income		
Subsidiaries	(180,911)	(276,095)
Interest expense		
Subsidiaries	209,752	374,904
Rental expenses		
Subsidiaries	18,000	18,000

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Notes 15, 16 and 26 to the financial statements.

35. RELATED PARTIES (CONT'D)

(c) Compensation of key management personnel

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors' fees	402,800	245,000	290,000	245,000
Short-term employee benefits	10,134,776	9,455,386	10,000	16,000
Post-employment employee benefits	1,313,443	1,116,978	–	–
Termination benefits	930,000	–	–	–
Benefits-in-kind	210,549	133,996	7,200	–
	12,991,568	10,951,360	307,200	261,000

Directors' interest in Employees' Share Option Scheme

At the reporting date, the total number of outstanding share options granted by the Company to certain directors under the ESOS plan amounted to 1,300,000 (2022: 1,300,000).

36. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain healthy capital ratio in order to support their business and maximise shareholders value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust their capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 30 June 2023 and 30 June 2022.

The Group and the Company monitor capital using a gearing ratio. The gearing ratio is calculated as total loans and borrowings divided by total equity.

The gearing ratio for the Group and for the Company as at 30 June 2023 and 30 June 2022 are as follows:

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Total loans and borrowings	23	24,996,808	18,098,762	5,000,000	3,000,000
Total equity		296,640,348	289,571,541	111,614,843	115,928,418
Gearing ratio		8%	6%	4%	3%

37. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group Chief Executive Officer/President for the purpose of making decisions about resource allocation and performance assessment.

The five reportable operating segments are as follows:

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

37. SEGMENT INFORMATION (CONT'D)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Rail RM	Others RM	Note	Adjustments and eliminations RM	Total RM
2023									
Revenue:									
External revenue	–	185,638,938	74,118,560	100,756,628	20,790,565	–		–	381,304,691
Inter-segment revenue	6,480,000	–	–	–	–	–	(a)	(6,480,000)	–
	6,480,000	185,638,938	74,118,560	100,756,628	20,790,565	–		(6,480,000)	381,304,691
Results:									
Results before the following adjustments	1,869,930	(4,978,597)	8,750,188	21,922,847	1,976,164	(27,273)	(b)	336,650	29,849,909
Depreciation and amortisation	(16,864)	(1,886,239)	(1,029,393)	(1,830,126)	(364,817)	–		–	(5,127,439)
Net impairment losses on:									
- contract assets	–	–	(3,208,690)	(11,269)	–	–		–	(3,219,959)
- goodwill	–	–	(1,445,890)	–	(3,900,000)	–		–	(5,345,890)
- trade receivables	–	(1,584,720)	165,650	(249,630)	(1,402,084)	–		–	(3,070,784)
- other receivables	–	–	–	23,597	–	–		–	23,597
- retention sum	–	–	–	(226,686)	–	–		–	(226,686)
- property, plant and equipment	–	–	(72,297)	–	–	–		–	(72,297)
Other non-cash items	–	120,800	(298,143)	(472,523)	810,928	–	(e)	(574,826)	(413,764)
Segment results	1,853,066	(8,328,756)	2,861,425	19,156,210	(2,879,809)	(27,273)		(238,176)	12,396,687
Net finance income/(costs)	107,878	417,081	(568,696)	1,346,048	131,265	–		(313)	1,433,263
Income tax (expense)/credit	(267,438)	1,955,941	(807,121)	(3,573,725)	(345,720)	–		–	(3,038,063)
Profit for the financial year									10,791,887

37. SEGMENT INFORMATION (CONT'D)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Rail RM	Others RM	Note	Adjustments and eliminations RM	Total RM
2023									
Assets									
Segment assets	117,919,083	183,930,713	73,978,171	146,962,657	36,079,155	10,061	(c)	(132,280,836)	426,599,004
Current tax assets	–	8,466,900	487,466	1,498,889	53,323	–		–	10,506,578
Deferred tax assets	–	2,014,736	1,353,536	1,359,062	1,669,994	–		–	6,397,328
Total assets	117,919,083	194,412,349	75,819,173	149,820,608	37,802,472	10,061		(132,280,836)	443,502,910
Liabilities									
Segment liabilities	6,449,335	118,172,057	46,874,913	25,467,249	8,219,828	581,129	(d)	(60,830,286)	144,934,225
Current tax liabilities	46,480	–	417,375	1,435,102	–	–		–	1,898,957
Deferred tax liabilities	–	–	–	–	29,380	–		–	29,380
Total liabilities	6,495,815	118,172,057	47,292,288	26,902,351	8,249,208	581,129		(60,830,286)	146,862,562
Other segment items									
Additions to non-current assets other than financial instruments									
- property, plant and equipment	11,516	3,124,831	216,219	1,103,329	9,270	–		–	4,465,165
- right-of-use assets	–	1,528,857	963,637	1,106,121	109,078	–		–	3,707,693

37. SEGMENT INFORMATION (CONT'D)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Rail RM	Others RM	Note	Adjustments and eliminations RM	Total RM
2022									
Revenue:									
External revenue	–	178,764,915	73,582,204	81,899,831	20,948,041	–		–	355,194,991
Inter-segment revenue	13,620,000	–	–	–	–	–	(a)	(13,620,000)	–
	13,620,000	178,764,915	73,582,204	81,899,831	20,948,041	–		(13,620,000)	355,194,991
Results:									
Results before the following adjustments	10,520,979	16,477,925	4,536,082	26,394,845	4,054,318	(23,132)	(b)	(11,178,734)	50,782,283
Depreciation and amortisation	(16,652)	(1,109,835)	(948,766)	(1,736,163)	(460,972)	–		–	(4,272,388)
Net (allowance)/reversal of impairment losses on:									
- contract assets	–	–	(642,503)	–	–	–		–	(642,503)
- goodwill	–	–	(332,000)	–	(2,457,000)	–		–	(2,789,000)
- trade receivables	–	–	(1,595,452)	1,574,493	–	–		–	(20,959)
- other receivables	–	(16,681)	–	3,834	–	–		–	(12,847)
- retention sum	–	–	–	(27,166)	–	–		–	(27,166)
Other non-cash items	–	–	419,305	(648,422)	(77,540)	–	(e)	526	(306,131)
Segment results	10,504,327	15,351,409	1,436,666	25,561,421	1,058,806	(23,132)		(11,178,208)	42,711,289
Net finance (costs)/income	(110,431)	478,501	(628,783)	723,981	(64,257)	–		(343)	398,668
Income tax expense	(362,046)	(4,072,491)	(1,153,045)	(2,866,713)	(449,335)	–		–	(8,903,630)
Profit for the financial year									34,206,327

37. SEGMENT INFORMATION (CONT'D)

	Investment holding RM	Facilities RM	Engineering RM	Environment RM	Rail RM	Others RM	Note	Adjustments and eliminations RM	Total RM
2022									
Assets									
Segment assets	127,210,935	171,648,374	79,321,879	127,697,640	33,194,194	10,041	(c)	(135,010,284)	404,072,779
Current tax assets	–	4,186,305	330,930	658,300	383,232	–		–	5,558,767
Deferred tax assets	–	193,650	810,200	1,099,914	544,888	–		–	2,648,652
Total assets	127,210,935	176,028,329	80,463,009	129,455,854	34,122,314	10,041		(135,010,284)	412,280,198
Liabilities									
Segment liabilities	13,598,674	92,691,023	55,647,491	19,482,326	5,345,407	553,836	(d)	(66,328,591)	120,990,166
Current tax liabilities	186,795	–	429,622	1,072,694	–	–		–	1,689,111
Deferred tax liabilities	–	–	–	–	29,380	–		–	29,380
Total liabilities	13,785,469	92,691,023	56,077,113	20,555,020	5,374,787	553,836		(66,328,591)	122,708,657
Other segment items									
Additions to non-current assets other than financial instruments									
- property, plant and equipment	–	1,259,774	1,032,396	979,775	211,690	–		–	3,483,635
- right-of-use assets	–	123,165	568,147	792,200	153,910	–		–	1,637,422

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

37. SEGMENT INFORMATION (CONT'D)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

(a) Inter-segment revenue are eliminated on consolidation;
(b) Inter-segment transactions are eliminated on consolidation;
(c) Inter-segment assets are eliminated on consolidation;
(d) Inter-segment liabilities are eliminated on consolidation; and
(e) Other non-cash items, other than depreciation and amortisation and net (allowance)/reversal of impairment losses on trade and other receivables, contract assets and goodwill consist of the following:

	Group	
	2023 RM	**2022 RM**
Deposits written off	14,432	–
Fair value loss on investment properties	–	120,001
Gain on disposal of investment properties	–	(145,000)
Gain on disposal of property, plant and equipment	(234,783)	(384,271)
Inventories written down to net realisable value	658,601	296,777
Inventories written off	127,875	–
Loss on winding up of a subsidiary	575,139	–
Property, plant and equipment written off	3,266	25,956
Provision for employee benefits	143,785	133,795
Unrealised (gain)/loss on foreign exchange	(874,551)	258,873
	413,764	306,131

Geographical information

Revenue and non-current assets (other than financial instruments and deferred tax assets) information based on the geographical location of customers are as follows:

	Revenue RM	**Non-current assets RM**
2023		
Malaysia	273,917,316	56,102,421
Singapore	84,837,305	3,290,453
United Arab Emirates, Abu Dhabi	22,547,592	88,908
United Arab Emirates, Dubai	2,478	–
	381,304,691	59,481,782
2022		
Malaysia	271,811,600	58,135,144
Singapore	60,554,726	2,898,607
United Arab Emirates, Abu Dhabi	22,828,665	155,507
United Arab Emirates, Dubai	–	15,262
	355,194,991	61,204,520

37. SEGMENT INFORMATION (CONT'D)

Information about major customer

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

		Group	
	Segment	2023 RM	2022 RM
Customer A	Facilities/Rail	171,457,790	148,562,308

38. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) Incorporation of a subsidiary

On 5 July 2023, a wholly owned subsidiary, AWC Healthcare Solutions Sdn. Bhd. was incorporated with share capital of RM2.

(b) Acquisition of additional shares in a subsidiary

On 14 September 2023, the Company entered into a conditional share sale and purchase agreement ("SSA") with Premium NSL Sdn. Bhd. ("PNSB") for the acquisition of 627,200 ordinary shares, representing 49.00% equity interest in Stream Group Sdn. Bhd. ("SGSB"), for a purchase consideration of RM110,000,000 which will be satisfied through cash. The proposed acquisition is pending fulfilment of conditions precedent as at the date of authorisation of these financial statements.

(c) Acquisition of additional shares in an associate

On 14 September 2023, the Company entered into a conditional share sale and purchase agreement ("SSA") with PNSB and Premium Deluxe Sdn. Bhd. ("PDSB") for the proposed acquisition of 5,100 ordinary shares, representing 51.00% equity interest in Premium Patents Sdn. Bhd. ("PPSB"), for a purchase consideration of RM1 which will be satisfied through cash. The proposed acquisition is pending fulfilment of conditions precedent as at the date of authorisation of these financial statements.

(d) Exercise of call options in a subsidiary

On 9 October 2023, the Company served a written notice to Trakniaga Sdn. Bhd. ("Trakniaga") to exercise the Call Option by requiring Trakniaga to dispose of all the remaining ordinary shares in Trackwork & Supplies Sdn. Bhd. in accordance with the terms and conditions of the Shareholders' Agreement dated 28 February 2018 for a consideration of RM5,477,847.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. COMPARATIVE FIGURES

Certain comparative figures of the Group have been reclassified to conform with the current year's presentation. The reclassifications have no effect on the profit or cash flows of the Group for the current and previous financial years.

The effects arising for the reclassification of the Group are as follows:

	As previously reported RM	Reclassification RM	As restated RM
Statement of Financial Position as at 30 June 2022			
Assets			
Non-current assets			
Property, plant and equipment #	13,847,571	1,826,597	15,674,168
Right-of-use assets #	4,108,277	(1,826,597)	2,281,680
Current assets			
Trade and other receivables *	113,815,685	6,761,620	120,577,305
Contract assets *	61,935,984	(6,761,620)	55,174,364
Non-current liabilities			
Loans and borrowings #	3,340,057	1,485,591	4,825,648
Lease liabilities #	1,553,298	(1,553,298)	–
Current liabilities			
Loans and borrowings #	11,466,438	1,806,676	13,273,114
Lease liabilities #	1,738,969	(1,738,969)	–
Statement of Cash Flows for the year ended 30 June 2022			
Net cash from investing activities #	5,110,998	(1,371,653)	3,739,345
Net cash from financing activities #	(35,421,801)	1,371,653	(34,050,148)

\# *Relates to reclassification of motor vehicles under hire purchase arrangements*

* *Relates to reclassification of retention sum receivables*

The above reclassifcations do not have material effect on the statement of financial position of the Group as at 1 July 2021, and accordingly, the statement was not presented.

STATEMENT BY DIRECTORS

(PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016)

We, **DATO' NIK MOD AMIN BIN NIK ABD MAJID** and **DATO' AHMAD KABEER BIN MOHAMED NAGOOR**, being two of the directors of AWC BERHAD do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 105 to 206 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 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:

……………………………………………………………

DATO' NIK MOD AMIN BIN NIK ABD MAJID
Director

……………………………………………………………

DATO' AHMAD KABEER BIN MOHAMED NAGOOR
Director

Subang Jaya

Date: 16 October 2023

STATUTORY DECLARATION

(PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016)

I, **VOON SIEW MOON**, being the officer primarily responsible for the financial management of **AWC BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 105 to 206 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

……………………………………………………………

VOON SIEW MOON
Officer

Subscribed and solemnly declared by the abovenamed at Subang Jaya in Selangor Darul Ehsan on 16 October 2023.

Before me,

SITI HAIDAH BINTI ARIFFIN
(No. B 501)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AWC BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of AWC Berhad, which comprise the statements of financial position as at 30 June 2023 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 105 to 206.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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.

<u>Group</u>

Goodwill on business combination (Notes 4.1 and 8.1 to the financial statements)

The Group has significant goodwill on business combination amounting to RM31,439,577 arising from the acquisition of four subsidiaries. Goodwill is tested for impairment annually. In performing the impairment assessment, the Group has identified environment, engineering and rail segments as the cash generating units to which the goodwill is allocated. During the financial year, the Group recognised impairment losses on goodwill amounting to RM5,345,890.

We focused on this area because the impairment assessment requires the exercise of significant judgement by the Group on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections which include future sales and gross profit margin.

Our response:
Our audit procedures included, among others:
- comparing the actual results with previous budget to assess the performance of the business;
- comparing the Group's assumptions to internal and external information;
- testing the mathematical computation of the impairment assessment; and
- evaluating the sensitivity analysis of the Group around the key assumptions that are expected to be more sensitive to the recoverable amount, where applicable.

Key Audit Matters (Cont'd)

Group (Cont'd)

Trade receivables and contract assets (Notes 4.2, 14 and 15 to the financial statements)

As at 30 June 2023, trade receivables and contract assets of the Group amounted to RM138,258,554 and RM46,052,641 respectively. We focused on this area because the directors made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of the reporting period.

Our response:
Our audit procedures included, among others:

- developing understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and testing the reliability of the reports;
- obtaining confirmation of balances from selected samples of receivables; and
- testing subsequent receipts after financial year end, customer correspondences and discussing level of activity with the customer, considering customer's financial capability and past trend of payments and management explanation on recoverability with significantly past due balances.

Revenue recognition for construction and engineering activities (Notes 4.3 and 27 to the financial statements)

The amount of revenue of the Group's construction and engineering activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of construction and engineering costs incurred for works performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the construction costs incurred, and the estimated total construction contracts revenue and costs, as well as the recoverability of the construction contracts projects. The estimated total revenue are affected by a variety of uncertainties that depend on the outcome of future events.

Our response:
Our audit procedures on a sample of projects included, among others:

- reading the terms and conditions of agreements with customers;
- understanding the Group's process in preparing or updating project budget and the calculation of the progress towards anticipated satisfaction of a performance obligation;
- comparing the Group's major assumptions to contractual terms, our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussing with project managers; and
- testing the mathematical computation of recognised revenue.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (Cont'd)

Company

Investment in subsidiaries (Notes 4.4 and 9 to the financial statements)

The Company has significant balance of investment in subsidiaries. At the end of the financial year, the Company determines whether there is any indication of impairment in investment in subsidiaries.

We focused on this area because the Company's assessment of the recoverable amount involved significant judgement. The recoverable amount of investment in subsidiaries were determined based on value-in-use which includes the discount rate applied in the recoverable amount calculation and the assumptions supporting the underlying cash flow projections which include future revenue and gross profit margin and operating expenses.

Our response:
Our audit procedures focus on evaluating the cash flow projections which included, among others:
- comparing the actual results with previous budget to assess the performance of the business;
- comparing the Company's key assumptions to internal and external information;
- testing the mathematical computation of the impairment assessment; and
- performing a sensitivity analysis of the Group around the key assumptions that are expected to be more sensitive to the recoverable amount, where applicable.

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 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.

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
(CONT'D)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Other Matter

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.

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Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

....

Lee Kong Weng
No: 02967/07/2025 J
Chartered Accountant

Kuala Lumpur

Date: 16 October 2023

SUMMARY OF GROUP PROPERTIES

AS AT 30 JUNE 2023

No.	Owner	Location	Description	Existing use	Land area (Sq. ft.)	Built-up area (Sq. ft.)	Tenure	Approximate age of building	Audited net book value as at 30 June 2023 (RM)	Date of Acquisition/ Last Valuation
1.	Ambang Wira Sdn. Bhd. ("AWSB")	An intermediate shop lot and six intermediate office lots known as parcel Nos. S23A-1, Level 1, S23A-2, Level 2, S23A-3, Level 3, S23A-3A, Level 3A, S23A-5, Level 5, S23A-6, Level 6 and S23A-7, Level 7, respectively all in Block S23A in Subang Business Centre erected on part of the land held under Grant 54290, Lot 50530, Pekan Subang Jaya, District of Petaling, Selangor Darul Ehsan	Shop lot and office lots	Office	–	11,737	Freehold	27 years	5,040,000.00	22 June 2000/ 30 June 2023
2.	AWSB	An intermediate shop lot and six intermediate office lots known as parcel Nos. S25-1, Level 1, S25-2, Level 2, S25-3, Level 3, S25-3A, Level 3A, S25-5, Level 5, S25-6, Level 6 and S25-7, Level 7, respectively all in Block S25 in Subang Business Centre erected on part of the land held under Grant 54290, Lot 50530, Pekan Subang Jaya, District of Petaling, Selangor Darul Ehsan	Shop lot and office lots	Office	–	11,737	Freehold	27 years	5,040,000.00	29 November 2002/ 30 June 2023
3.	Qudotech Sdn. Bhd. ("Qudotech")	Unit No 2.016, Floor No. 2, Rhythm Avenue, USJ 19, HS (D) 108337, PT No. 3462, Mukim of Damansara, District of Petaling, State of Selangor	Shop Lot	Vacant	–	207	Freehold	23 years	85,000.00	31 October 2000/ 30 June 2023
4.	Qudotech	Unit No 2.017, Floor No. 2, Rhythm Avenue, USJ 19, HS (D) 108337, PT No. 3462, Mukim of Damansara, District of Petaling, State of Selangor	Shop Lot	Vacant	–	196	Freehold	23 years	80,000.00	31 October 2000/ 30 June 2023
5.	Stream Environment Sdn. Bhd. ("SESB")	No. 11, Jalan Sg Besi Indah 5/2, Taman Sg Besi Indah, 43300 Seri Kembangan, Selangor Darul Ehsan	Shop Lot	Office	1,905	7,464	99-year leasehold interest expiring on 28 July 2108	14 years	1,382,389.00 (Exclude ROU)	13 February 2017/ 15 July 2016

SUMMARY OF GROUP PROPERTIES (CONT'D)

No.	Owner	Location	Description	Existing use	Land area (Sq. ft.)	Built-up area (Sq. ft.)	Tenure	Approximate age of building	Audited net book value as at 30 June 2023 (RM)	Date of Acquisition/ Last Valuation
6.	SESB	C-09-03 , Jalan PBS 14/2, Taman Bukit Serdang, Seksyen 13, 43300 Seri Kembangan, Selangor Darul Ehsan	Condo	Vacant	–	1,000	Freehold	4 years	500,000.00	06 January 2020/ 30 June 2023
7.	SESB	C-18-02, Jalan PBS 14/2, Taman Bukit Serdang, Seksyen 13, 43300 Seri Kembangan, Selangor Darul Ehsan	Condo	Vacant	–	1,000	Freehold	4 years	500,000.00	06 January 2020/ 30 June 2023
8.	Trackwork & Supplies Sdn. Bhd.	No. 31-5, Level 5, Dataran Prima Block F2, Jalan PJU 1/42A, 47301 Petaling Jaya, Selangor Darul Ehsan	Office Lot	Office	–	1,926	Freehold	16 years	626,133.29	1 June 2016/ 30 June 2023
9.	M & C Engineering And Trading Sdn. Bhd. ("M & C")	Unit FUG-115, Level UG, Capital City Mall Shopping Centre, Jalan Tampoi, 81200 Johor Bahru, Johor Darul Takzim.	Shop Lot	Vacant	–	377	Freehold	5 years	478,000.00	14 January 2020/ 30 June 2023
10.	M & C	Unit FUG-162, Level UG, Capital City Mall Shopping Centre, Jalan Tampoi, 81200 Johor Bahru, Johor Darul Takzim.	Shop Lot	Vacant	–	312	Freehold	5 years	395,000.00	14 January 2020/ 30 June 2023
		TOTAL							**14,126,522.29**	

ANALYSIS OF SHAREHOLDINGS
AS AT 29 SEPTEMBER 2023

Total number of Issued Shares	:	322,678,750 Ordinary Shares
Treasury Shares	:	4,628,700 treasury shares held by the Company
Class of Equity Securities	:	Ordinary Shares ("shares")
Voting Right	:	One vote for every share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Shareholdings	No of Holders	%	No. of Shares #	%
Less than 100	1,709	23.42	119,534	0.04
100 – 1,000	1,458	19.98	750,994	0.24
1,001 – 10,000	2,452	33.60	13,320,440	4.19
10,001 – 100,000	1,438	19.71	48,781,176	15.34
100,001 – less than 5 % of the issued shares	238	3.26	150,907,548	47.45
5% and above of the issued shares	2	0.03	104,170,358	32.75
Total	**7,297**	**100.00**	**318,050,050**	**100.00**

Excluding a total of 4,628,700 shares bought back and retained as treasury shares.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 29 SEPTEMBER 2023
(As per the Register of Substantial Shareholders)

	No. of Ordinary Shares			
Name of Substantial Shareholders	Direct Interest	%*	Indirect Interest	%*
K-Capital Sdn Bhd	84,300,000	26.51	–	–
Dato' Ahmad Kabeer Bin Mohamed Nagoor	26,073,300	8.20	84,300,000[a]	26.51

Note:

[a] Deemed interested by virtue of Section 8(4) of the Companies Act 2016 held through in K-Capital Sdn Bhd.

DIRECTOR'S INTEREST AS AT 29 SEPTEMBER 2023
(As per the Register of Directors' Shareholdings)

	No. of Ordinary Shares			
Name of Director	Direct Interest	%*	Indirect Interest	%*
Dato' Ahmad Kabeer Bin Mohamed Nagoor	26,073,300	8.20	84,300,000[a]	26.51
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	100,000	0.03	–	–
Dato' Nik Mod Amin Bin Nik Abd Majid	400,000	0.13	–	–
Sureson A/L Krisnasamy	65,000	0.02	–	–
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman	–	–	–	–

Notes:

[a] Deemed interested by virtue of Section 8(4) of the Companies Act 2016 held through in K-Capital Sdn Bhd.

* All percentage shareholding computations are based on the total number of issued shares less treasury shares account (4,628,700 shares) arising from the share buy-back exercise.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

DIRECTOR'S INTEREST AS AT 29 SEPTEMBER 2023 (CONT'D)

Name of Directors	No. of Options granted under Employees' Share Option Scheme (ESOS)
Dato' Ahmad Kabeer Bin Mohamed Nagoor	4,050,000
Dato' Nik Mod Amin Bin Nik Abd Majid	500,000
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	300,000
Sureson A/L Krisnasamy	300,000
Dato' Dr. Hj Shamsul Anwar Bin Sulaiman	–

30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 29 SEPTEMBER 2023

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

No.	Name	No. of Shares Held	%*
1.	K-CAPITAL SDN. BHD.	84,297,058	26.50
2.	AHMAD KABEER BIN MOHAMED NAGOOR	19,873,300	6.25
3.	MASTRACK SDN BHD	14,525,392	4.57
4.	TW QUEST SDN BHD	9,606,800	3.02
5.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD - KAF CORE INCOME FUND	5,950,000	1.87
6.	UOBM NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR AHMAD KABEER BIN MOHAMED NAGOOR	5,200,000	1.63
7.	ZAINAB BINTI ABDUL RAHMAN	4,880,000	1.53
8.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD - KAF TACTICAL FUND	3,000,000	0.94
9.	GOH TSE WOEI	2,899,552	0.91
10.	KONG KEAT VOON	2,805,890	0.88
11.	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	2,700,000	0.85
12.	CARTABAN NOMINEES (TEMPATAN) SDN BHD - RHB TRUSTEES BERHAD FOR KAF VISION FUND	2,700,000	0.85
13.	TAN YAU LAM	2,446,200	0.77
14.	SIM TZE YANG	2,322,000	0.73
15.	CHAN AI SIM	1,974,900	0.62

30 LARGEST SECURITIES ACCOUNT HOLDERS AS AT 29 SEPTEMBER 2023 (CONT'D)
(without aggregating securities from different securities accounts belonging to the same person)

No.	Name	No. of Shares Held	%*
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM (211901)	1,970,000	0.62
17.	SHAUL HAMID BIN MADAR	1,878,100	0.59
18.	HSBC NOMINEES (ASING) SDN BHD - SOCIETE GENERALE PARIS	1,589,300	0.50
19.	CHONG KIM LOONG	1,550,000	0.49
20.	CHIN LEE HING	1,510,000	0.47
21.	TENGEN SUPPLIES SDN. BHD.	1,500,000	0.47
22.	TAN SIEW KHENG	1,488,500	0.47
23.	GOH TSE WOEI	1,467,390	0.46
24.	KHOO YOK KEE	1,411,400	0.44
25.	KAF TRUSTEE BERHAD - KIFB FOR LAGMUIR HOLDINGS LTD	1,330,000	0.42
26.	RHB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CHENG CHEW GIAP	1,313,800	0.41
27.	RHB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE	1,280,000	0.40
28.	CARTABAN NOMINEES (ASING) SDN BHD - THE BANK OF NEW YORK MELLON FOR ENSIGN PEAK ADVISORS INC.	1,256,500	0.40
29.	KAF TRUSTEE BERHAD - KIFB FOR PERBADANAN KEMAJUAN NEGERI SELANGOR	1,216,300	0.38
30.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR SER YU BENG	1,200,000	0.38

* All percentage shareholding computations are based on the total number of issued shares less treasury shares account (4,628,700 shares) arising from the share buy-back exercise.

ANALYSIS OF WARRANT HOLDINGS
AS AT 29 SEPTEMBER 2023

Type of Securities	:	Warrants A ("Warrants")
No. of Warrants Issued	:	56,824,679
Exercise Price	:	RM0.88
Exercise Period	:	26 December 2021 to 25 December 2023

DISTRIBUTION OF WARRANTS HOLDINGS

Size of Holdings	No. of Warrant Holders	No. of Warrants	%
Less than 100	2,615	62,675	0.11
100 - 1,000	1,542	709,399	1.24
1,001 - 10,000	787	2,646,340	4.66
10,001 - 100,000	169	6,387,649	11.24
100,001 - 2,841,232 (*)	51	22,545,905	39.68
2,841,233 and above (**)	3	24,472,711	43.07
Total	**5,167**	**56,824,679**	**100.00**

Note:
* Less than 5% of Issued Warrants
** 5% and above of Issued Warrants

DIRECTORS' WARRANT HOLDINGS
(As per the Register of Directors' Warrant Holdings)

Name of Directors	Direct Interest No. of Warrants	%	Indirect Interest No. of Warrants	%
Dato' Ahmad Kabeer Bin Mohamed Nagoor	3,651,000	6.43	16,549,999 [(a)]	29.12
Yang Mulia Tunku Puan Sri Dato' Hajjah Noor Hayati Binti Tunku Abdul Rahman Putra Al-Haj	20,000	0.04	–	–
Dato' Nik Mod Amin Bin Nik Abd Majid	80,000	0.14	–	–

[(a)] Deemed interested by virtue of Section 8(4) of the Companies Act 2016 held through in K-Capital Sdn Bhd.

THIRTY LARGEST WARRANT HOLDERS AS AT 29 SEPTEMBER 2023
(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Warrants Held	%*
1.	K-CAPITAL SDN. BHD.	16,549,411	29.12
2.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	4,300,000	7.57
3.	LOK WEI SEONG	3,623,300	6.38
4.	AHMAD KABEER BIN MOHAMED NAGOOR	2,411,000	4.24
5.	TAN BOON SIONG	2,377,700	4.18

ANALYSIS OF WARRANT HOLDINGS (CONT'D)

THIRTY LARGEST WARRANT HOLDERS AS AT 29 SEPTEMBER 2023 (CONT'D)
(without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Warrants Held	%*
6.	TW QUEST SDN BHD	1,460,016	2.57
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE	1,332,600	2.35
8.	NG SOOK KIN	1,170,900	2.06
9.	UOBM NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR AHMAD KABEER BIN MOHAMED NAGOOR	1,040,000	1.83
10.	KONG KOK CHOY	1,000,000	1.76
11.	MOHD KHAIRUL IZWAN BIN ABDULLAH SANI	856,000	1.51
12.	RHB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR WONG HAN KEONG	700,000	1.23
13.	MASTRACK SDN BHD	672,084	1.18
14.	CHIA MOI LING	652,600	1.15
15.	LIEW TAT YANG	645,700	1.14
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CHEE KAR MING	493,065	0.87
17.	MUHD ABD MUIZ AL-AMIN BIN MUHAMMAD FIRDAUS	411,900	0.72
18.	TAN BOON KIAT	400,000	0.70
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - GOH KUN SENG	396,400	0.70
20.	SHAUL HAMID BIN MADAR	375,620	0.66
21.	CHAI TIEN TECK	326,200	0.57
22.	TENGKU MOHD AZLAN SHAH BIN ZAINAL	316,600	0.56
23.	LIM WEI HORNG	300,000	0.53
24.	TENGEN SUPPLIES SDN. BHD.	300,000	0.53
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LEE MENG LOK	250,000	0.44
26.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR MUI KAR WAI (MY2323)	240,000	0.42
27.	BONG YUN SIONG	237,300	0.42
28.	BONG JIE ZHEN	230,000	0.40
29.	MOHD FAIZA BIN MUHAMAD HANAFIAH	214,900	0.38
30.	AHMAD KABEER BIN MOHAMED NAGOOR	200,000	0.35

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting ("22nd AGM" or "Meeting") of AWC BERHAD ("AWC" or "the Company") will be conducted on a fully virtual basis and entirely via remote participation and electronic voting facilities through live streaming from the Broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 28 November 2023 at 10:00 a.m. or at any adjournment thereof, to transact the following businesses:-

A G E N D A

As Ordinary Business:

1.	To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports of the Directors and Auditors thereon.	**PLEASE REFER TO EXPLANATORY NOTE 1**
2.	To approve the payment of Directors' fees and benefits of up to RM399,000 for the period commencing from the date immediately after the 22nd AGM until the next Annual General Meeting ("AGM") of the Company.	**ORDINARY RESOLUTION 1**
3.	To re-elect the following Directors who retire by rotation pursuant to Clause 85 of the Company's Constitution:-	
	(i) Dato' Nik Mod Amin Bin Nik Abd Majid	**ORDINARY RESOLUTION 2**
	(ii) Mr. Sureson A/L Krisnasamy	**ORDINARY RESOLUTION 3**
4.	To re-appoint Baker Tilly Monteiro Heng PLT as Auditors of the Company until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration.	**ORDINARY RESOLUTION 4**

As Special Business:
To consider and if thought fit, pass with or without any modifications, the following resolutions:

5. **GENERAL AUTHORITY FOR THE DIRECTORS TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 ("ACT")** — **ORDINARY RESOLUTION 5**

"THAT subject always to the Constitution of the Company, the Act, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/ regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot new ordinary shares in the Company ("Shares") to such persons, at any time, 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 to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("Mandate") AND the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

AND THAT pursuant to Section 85 of the Act read together with the Company's Constitution, approval be given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company AND the Board of Directors is exempted from the obligation to offer such new Shares first to the existing shareholders of the Company in respect of the issuance and allotment of new Shares pursuant to the Mandate.

AND FURTHER THAT the new Shares to be issued pursuant to the Mandate, shall, upon issuance and allotment, rank pari passu in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new Shares."

6. **PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY** **SPECIAL RESOLUTION**

"THAT the proposed amendments to the Constitution of the Company as set out in "Appendix A", be approved and adopted with immediate effect AND THAT the Directors and/or Secretaries of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company."

7. To transact any other business of which due notice shall have been given.

By order of the Board

TEA SOR HUA (MACS 01324) (SSM PC NO.: 201908001272)
LIM KEE SAN (MAICSA 7067348) (SSM PC NO.: 202308000295)
Company Secretaries

Petaling Jaya, Selangor Darul Ehsan
27 October 2023

Notes:

i. A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his shareholdings to be represented by each proxy.

ii. A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.

iii. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

iv. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

v. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

vi. To be valid, the instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting: -

(a) In hard copy form
In the case of an appointment made in hard copy form, the form of proxy must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.

(b) By electronic form
The form of proxy can be electronically lodged via TIIH Online website at https://tiih.online. Please refer to the Administrative Details on the procedure for electronic lodgement of Form of Proxy via TIIH Online.

vii. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 20 November 2023. Only members whose name appears in the Record of Depositors as at 20 November 2023 shall be entitled to attend the Meeting and to speak and vote thereat.

viii. All the resolutions set out in this Notice of the Meeting will be put to vote by poll.

ix. The members are advised to refer to the Administrative Notes on the registration process for the Meeting.

x. Kindly check Bursa Securities' and the Company's website at www.awc.com.my for the latest updates on the status of the Meeting.

EXPLANATORY NOTES TO ORDINARY/SPECIAL BUSINESS

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 June 2023

This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require the formal approval of members for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. Item 2 of the Agenda – Directors' Fees and Benefits

The estimated Directors' fees and benefits are calculated based on the current Board size and the number of scheduled Board and Committee meetings to be held. This resolution is to facilitate payment of Directors' fees and benefits for the period commencing from the date immediately after this 22nd AGM until the date of the next AGM to be held in the year 2024. In the event the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for the shortfall.

3. **Items 3 of the Agenda – Re-election of Directors**

Clause 85 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Following thereto, Dato' Nik Mod Amin Bin Nik Abd Majid and Mr. Sureson A/L Krisnasamy will retire pursuant to Clause 85 of the Company's Constitution (collectively referred to as "the Retiring Directors"). The Retiring Directors being eligible, have offered themselves for re-election at the 22nd AGM.

The Board has endorsed the Nomination and Remuneration Committee's recommendation to seek shareholders' approval to re-elect the Retiring Directors as they possess the required skill sets to facilitate and contribute to the Board's effectiveness and value.

The Retiring Directors had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the Board meeting.

The details and profile of the Retiring Directors are provided in the Board of Directors' Profile on Pages 7 to 9 of the Company's Annual Report 2023.

4. **Item 5 of the Agenda – General Authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Act**

The Ordinary Resolution 5 proposed under item 5 of the Agenda, is to seek a general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Act. This Ordinary Resolution, if passed, is to empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve the issuance and allotment of such new shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

The Company had at its Twenty-First AGM ("21st AGM") held on 24 November 2022, obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, 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 to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("General Mandate"). This General Mandate will expire at the conclusion of the 22nd AGM.

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the General Mandate granted to the Directors at the 21st AGM which will lapse at the conclusion of the 22nd AGM.

Pursuant to Section 85 of the Act and the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company. This Ordinary Resolution 5, if passed, will exclude the shareholders' pre-emptive right to be offered new shares to be issued by the Company.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

5. **Item 6 of the Agenda – Proposed Amendments to the Constitution of the Company ("Proposed Amendments")**

   The Proposed Amendments are mainly to streamline the Constitution with the relevant regulatory requirements as well as to enhance administrative efficiency.

   The Proposed Amendments shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.

APPENDIX A

PROPOSED AMENDMENTS TO THE CONSTITUTION OF AWC BERHAD ("THE COMPANY")

This is Appendix A referred to in Agenda 6 of the Notice of Twenty-Second Annual General Meeting of the Company dated 27 October 2023.

Clause No.	Existing Clause	Proposed Clause
69. *Chairman*	The Chairman of the Board (if any) shall preside as Chairman at every general meeting. If the Company has no Chairman or if at any general meeting, the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting or if the Chairman of the Board is not willing to act as Chairman for the general meeting, the Directors present shall choose one of their number to act as Chairman or if one (1) Director only is present, he shall preside as Chairman if he is willing to act. If no Director is present, or if each of the Directors present declines to preside as Chairman, the Members present and entitled to vote shall elect one (1) of their number to be the Chairman. The election of the Chairman shall be by a show of hands. However, a proxy shall not be eligible for election as chairman of the meeting.	The Chairman of the Board (if any) shall preside as Chairman at every general meeting. If the Company has no Chairman or if at any general meeting, the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting or if the Chairman of the Board is not willing to act as Chairman for the general meeting, the Directors present shall choose one of their number to act as Chairman or if one (1) Director only is present, he shall preside as Chairman if he is willing to act. If no Director is present, or if each of the Directors present declines to preside as Chairman, the Members present and entitled to vote shall elect one (1) of their number to be the Chairman. ~~The election of the Chairman shall be by a show of hands~~. However, a proxy shall not be eligible for election as chairman of the meeting.
71. *Polls*	A resolution put to vote at any meeting of Members (other than the election of the chairman of the meeting or the adjournment of the meeting which may be voted by way of show of hands) shall be determined by poll. A poll shall be taken in such manner and either forthwith or after an interval or adjournment or otherwise as the Chairman directs and the result of the poll shall be the resolution of the meeting at which the poll was taken. The Company shall appoint at least one (1) scrutineer for the purposes of a poll in accordance with the Listing Requirements, Applicable Laws, and may, in addition to the power of adjourning meetings contained in this Constitution, adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll.	A resolution put to vote at any meeting of Members (other than the election of the chairman of the meeting or the adjournment of the meeting which may be voted by way of show of hands) shall be determined by poll. A poll shall be taken in such manner and either forthwith or after an interval or adjournment or otherwise as the Chairman directs and the result of the poll shall be the resolution of the meeting at which the poll was taken, **but a poll demanded on the election of the chairman of the meeting or on a question of adjournment shall be taken forthwith**. The Company shall appoint at least one (1) scrutineer for the purposes of a poll in accordance with the Listing Requirements, Applicable Laws, and may, in addition to the power of adjourning meetings contained in this Constitution, adjourn the meeting to some place and time fixed for the purpose of declaring the result of the poll.

APPENDIX A
(CONT'D)

Clause No.	Existing Clause	Proposed Clause
	The poll may be conducted manually using voting slips or electronically using various forms of electronic voting devices. Such votes shall be counted by the poll administrator and verified by the scrutineer(s), as may be appointed for the purpose of determining the outcome of the resolution(s) to be decided by poll.	The poll may be conducted manually using voting slips or electronically using various forms of electronic voting devices. Such votes shall be counted by the poll administrator and verified by the scrutineer(s), as may be appointed for the purpose of determining the outcome of the resolution(s) to be decided by poll.
125A. *Validity of Electronic / Digital Signature*	New provision	**For the avoidance of doubt, any document or instrument transmitted by any technology purporting to include a signature and/or electronic or digital signature of any of the following persons:** **(a) a holder of Shares;** **(b) a Director (including Alternate Director);** **(c) a committee member;** **(d) in the case of a corporation, which is a holder of shares, its director or secretary or a duly appointed attorney or duly authorised representative,** **shall in the absence of express evidence to the contrary available to the person relying on such document or instrument at the relevant time, be deemed to be a document or instrument signed by such person in the terms in which it is received.**

ADMINISTRATIVE NOTES FOR THE TWENTY-SECOND ANNUAL GENERAL MEETING

("22ND AGM" OR "MEETING") OF AWC BERHAD ("AWC" OR "THE COMPANY")

Meeting Day, Date	:	Tuesday, 28 November 2023
Time	:	10:00 a.m.
Broadcast Venue	:	Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan

MODE OF MEETING

In line with the Government's directive and the revised Guidance Note and Frequently Asked Questions (FAQs) on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022 ("SC Guidance"), the 22nd AGM of the Company will be conducted on **a fully virtual basis and via remote participation and voting facilities through live streaming from the Broadcast Venue.**

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting and in accordance with Clause 61 of the Company's Constitution. Shareholders or proxies or attorneys or authorised representatives **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the meeting.

REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 22nd AGM using the RPV facilities provided by Tricor via its **TIIH Online** website at https://tiih.online.

A shareholder who has appointed a proxy or attorney or authorised representative to participate at this 22nd AGM via RPV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at https://tiih.online.

As the 22nd AGM will be held as a fully virtual meeting, shareholders who are unable to participate in this 22nd AGM via RPV facilities may appoint the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the proxy form.

PROCEDURES FOR THE RPV

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate remotely in the 22nd AGM using the RPV facilities are advised to follow the requirements and procedures as indicated below:-

	Procedures	Actions
BEFORE THE 22ND AGM DAY		
(a)	Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online and register as a user under the "e-Services" select "Create Account by Individual Holders". Kindly refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified of the status of registration via email. • If you are already a user of TIIH Online, you are not required to register again. You will receive an e-mail to notify you that remote participation is available for registration at TIIH Online.

ADMINISTRATIVE NOTES (CONT'D)

	Procedures	Actions
BEFORE THE 22ND AGM DAY (CONT'D)		
(b)	Submit your registration for RPV	• Registration is open from Friday, 27 October 2023 until the day of the 22nd AGM on Tuesday, 28 November 2023. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 22nd AGM to ascertain their eligibility to participate in the 22nd AGM using the RPV. • Login with your user ID i.e. email address and password and select the corporate event: **"(REGISTRATION) AWC 22ND AGM"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • The system will send an e-mail to notify you that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors dated 20 November 2023, the system will send you an e-mail after 26 November 2023 to approve or reject your registration for remote participation and the procedures to use the RPV are detailed therein. In the event your registration is not approved, you will also be notified via email. *(Note: Please ensure to allow the sufficient time required for the approval as a new user of TIIH Online as well as the registration for RPV in order for you to login to TIIH Online and to participate in the 22nd AGM remotely).*
ON THE DAY OF THE 22ND AGM (TUESDAY, 28 NOVEMBER 2023)		
(c)	Login to TIIH Online	• Login with your user ID and password for remote participation at the 22nd AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of the 22nd AGM on Tuesday, 28 November 2023 at 10:00 a.m.
(d)	Participate through Live Streaming	• Select the corporate event: **"(LIVE STREAM MEETING) AWC 22ND AGM"** to engage in the proceedings of the 22nd AGM remotely. • If you have any questions for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavour to respond to questions submitted by the remote participant during the 22nd AGM. If there is a time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	• The voting session commences from 10:00 a.m. on Tuesday, 28 November 2023 until a time when the Chairman announces the end of the session. Select the corporate event: **"(REMOTE VOTING) AWC 22ND AGM"** or if you are on the live stream meeting page, you can select the **"GO TO REMOTE VOTING PAGE"** button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
(f)	End of remote participation	• Upon the announcement by the Chairman on the closure of the 22nd AGM, the live streaming will end.

ADMINISTRATIVE NOTES (CONT'D)

Note to users of the RPV Facilities

1. Should your registration for RPV be approved we will make available to you the rights to join the live-streamed meeting and to vote remotely. Your login to TIIH Online on the day of the Meeting will indicate your presence at the virtual 22nd AGM.

2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

3. In the event you encounter any issues with logging in, connection to the live-streamed meeting or online voting on the Meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

ENTITLEMENT TO PARTICIPATE / GENERAL MEETING RECORD OF DEPOSITORS ("ROD")

Only a depositor whose name appears on the ROD as at 20 November 2023 shall be entitled to attend, speak and vote at the 22nd AGM or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend and/or vote on his/her behalf.

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) to participate via RPV at the 22nd AGM must ensure that the duly executed proxy forms are deposited in a hard copy form to Tricor no later than **Sunday, 26 November 2023 at 10:00 a.m.**

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:-

(i) In hard copy form

By hand or post to the Share Registrar of the Company at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time appointed for holding the 22nd AGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid.

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than Sunday, 26 November 2023 at 10:00 a.m. to participate via RPV in the 22nd AGM. A copy of the power of attorney may be accepted provided that it is certified by a notary and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

For a corporate member who has appointed a representative, please deposit the ORIGINAL/DULY CERTIFIED certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than Sunday, 26 November 2023 at 10:00 a.m. to participate via RPV in the 22nd AGM. The certificate of appointment should be executed in the following manner:-

(i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

(ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

(a) at least two (2) authorised officers, of whom one shall be a director; or
(b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

ADMINISTRATIVE NOTES (CONT'D)

APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE (CONT'D)

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner (Cont'd):-

(ii) By electronic form

All members can have the option to submit the Proxy Form electronically via Tricor's TIIH Online and the steps to submit are summarised below:

	Procedure	Action
i.	**Steps for Individual Members**	
(a)	Register as a User with Tricor's TIIH Online website	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user of TIIH Online, you are not required to register again.
(b)	Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: **"AWC 22ND AGM – Submission of Proxy Form"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(s) appointment. • Print Form of Proxy for your record.
ii.	**Steps for Corporation or Institutional Members**	
(a)	Register as an User With Tricor's TIIH Online website	• Access TIIH online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporation or institutional member selects **"Create Account by Representative of Corporate Holder"**. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and reset your own password. *(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate member electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)*
(b)	Proceed with submission of Proxy Form	• Login to Tricor's TIIH Online website at https://tiih.online. • Select the corporate event: **"AWC 22ND AGM – Submission of Proxy Form"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Submit the proxy appointment file. • Login to TIIH Online, select corporate exercise name: **"AWC 22nd AGM – Submission of Proxy Form"**. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

POLL VOTING

The voting at the 22nd AGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting).

Shareholders or proxy(ies) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time **from 10:00 a.m. on Tuesday, 28 November 2023** but before the end of the voting session which will be announced by the Chairman of the Meeting. Kindly refer to item (e) of the above Procedures for RPV facilities for guidance on how to vote remotely from TIIH Online website at https://tiih.online.

Upon completion of the voting session for the 22nd AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration of whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

Shareholders may submit questions to the Board in advance of the 22nd AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than - **Sunday, 26 November 2023 at 10:00 a.m.** The Board will endeavor to answer the questions received at the 22nd AGM.

NO RECORDING OR PHOTOGRAPHY

By participating at the 22nd AGM, you agree that no part of the 22nd AGM proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronic, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the right to take appropriate legal actions against anyone who violates this rule.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9:00 a.m. to 5:30 p.m. (except on public holidays):-

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line	:	+603-2783 9299	
Fax Number	:	+603-2783 9222	
Email	:	is.enquiry@my.tricorglobal.com	
Contact persons	:	Hifzul Azad	+603-27839284 (Mohamad.Hifzul@my.tricorglobal.com)
	:	Nazrul Darwin	+603-27839246 (Nazrul.Darwin@my.tricorglobal.com)
	:	Siti Zalina	+603-27839247 (Siti.Zalina@my.tricorglobal.com)

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AWC BERHAD
200101014341 (550098-A)
(Incorporated in Malaysia)

PROXY FORM

No. of shares held	
CDS Account No.	

I/We * ______________________________ NRIC/Passport/Registration No.* ____________
(full name in capital letters)

of ____
(full address)

with email address ______________________ mobile phone no. ______________________

being a member/members* of **AWC BERHAD** ("the Company") hereby appoint(s):-

Full Name (in capital letters)	**NRIC/Passport No.:**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Full Address (in capital letters)			
Contact No.:			
Email Address:			

*and **

Full Name (in capital letters)	**NRIC/Passport No.:**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Full Address (in capital letters)			
Contact No.:			
Email Address:			

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Twenty-Second Annual General Meeting of the Company ("22nd AGM" or "Meeting") to be conducted on a fully virtual basis and entirely via remote participation and electronic voting facilities through live streaming from the Broadcast Venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 28 November 2023 at 10:00 a.m. or at any adjournment thereof.

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

Resolutions	Particulars	For	Against
Ordinary Resolution 1	To approve the payment of Directors' fees and benefits of up to RM399,000 for the period commencing from the date immediately after the 22nd AGM until the next AGM of the Company.		
Ordinary Resolution 2	To re-elect Dato' Nik Mod Amin Bin Nik Abd Majid as Director.		
Ordinary Resolution 3	To re-elect Sureson A/L Krisnasamy as Director.		
Ordinary Resolution 4	To re-appoint Baker Tilly Monterio Heng PLT as Auditors of the Company.		
Ordinary Resolution 5	To approve the general authority for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Special Resolution	To approve the Proposed Amendments to the Constitution of the Company.		

* *delete whichever not applicable*

Dated this________________ day of________________ 2023

____
Signature/ Common Seal of Member(s)

NOTES:

i. *A member who is entitled to attend and vote at the Meeting shall be entitled to appoint more than one (1) proxy to attend and vote at the Meeting. Where a member appoints more than one (1) proxy, the member shall specify the proportion of his shareholdings to be represented by each proxy.*

ii. *A proxy may, but need not, be a member of the Company. A member may appoint any person to be his proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak and vote at the Meeting.*

iii. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.*

iv. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

v. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.*

NOTES (CONTD):

vi. *To be valid, the instrument appointing a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting: -*

(a) *In hard copy form*
In the case of an appointment made in hard copy form, the form of proxy must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.

(b) *By electronic form*
The form of proxy can be electronically lodged via TIIH Online website at https://tiih.online. Please refer to the Administrative Details on the procedure for electronic lodgement of Form of Proxy via TIIH Online.

vii. *For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 20 November 2023. Only members whose name appears in the Record of Depositors as at 20 November 2023 shall be entitled to attend the Meeting and to speak and vote thereat.*

viii. *All the resolutions set out in this Notice of the Meeting will be put to vote by poll.*

ix. *The members are advised to refer to the Administrative Notes on the registration process for the Meeting.*

x. *Kindly check Bursa Securities' website and the Company's website at www.awc.com.my for the latest updates on the status of the Meeting.*

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AFFIX
STAMP

The Share Registrar of

AWC BERHAD
200101014341 (550098-A)

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

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Fold This Flap For Sealing

AWC BERHAD
(Company Registration No. 200101014341 (550098-A))

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

Tel No : +6 03 8024 4505/04/03
Fax No : +6 03 8025 9343