ECONPILE HOLDINGS BERHAD
(1017164-M)

ACCREDITATIONS

ANNUAL REPORT 2018

PILING and FOUNDATION specialist

INTEGRATED MANAGEMENT SYSTEM

ISO 9001:2015
Quality Management

ISO 14001:2015
Environmental Management

OHSAS 18001:2007
Health & Safety Management

OVERVIEW

Founded in 1987, Econpile is a leading specialist with a solid reputation for performance and capacity in the field of piling and deep foundation in Malaysia. We draw on over 30 years of construction experience to offer our clients a wide range of piling solutions, deep foundation capabilities as well as a full spectrum of time and cost efficient design-build solutions.

Our project portfolio spans infrastructure and property development sectors - from piling and pile cap works for highways and railways to full construction of multi-level basement structures in challenging urban environments. Our completed projects include bored piling works for Klang Valley Mass Rapid Transit and Light Rail Transit, as well as deep basement works for Elite Pavilion and MAS Building in downtown Kuala Lumpur. Especially notable in our track record is our vast experience in the application of top-down construction method, which demonstrates our capability to manage phased construction of complex sets of tasks within congested environment.

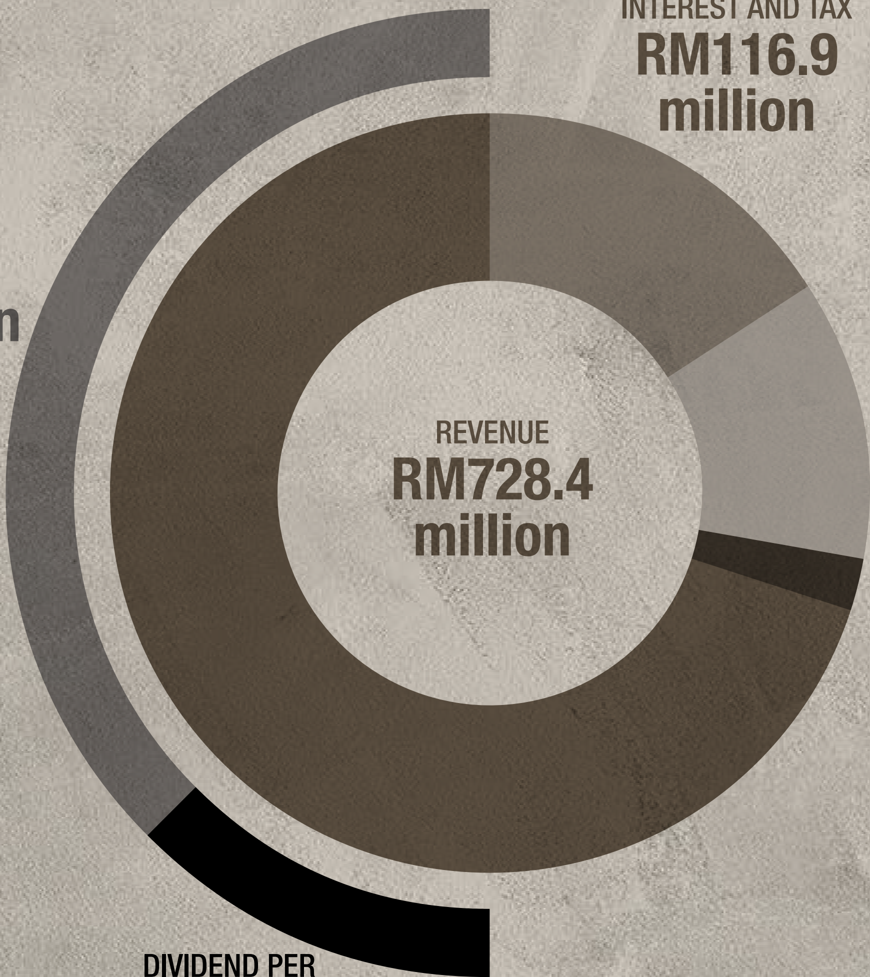
Having been shaped by over three decades of hands-on practical experience in the field of underground engineering, Econpile is well positioned to provide value engineering input and alternative design solutions to cater to different project needs. Our fundamental goal is to offer integrated solutions which are innovative, functional and economical to our clients. Adding to the company's strength is its extensive fleet of drilling rigs capable of constructing piles of all depths and diameters in a wide range of strata. These plant resources coupled with our technical expertise have helped us to overcome numerous engineering feats, including the installation of bored piles with diameter up to 3m and with length exceeding 100m in challenging limestone formations.

Repeat clientele is a clear testament to our steadfast commitment to quality, timeliness and budget control. Continuous improvement in services, efficiency and quality has been and will always remain the cornerstone of our business.

CONTENTS

1	Key Financial Indicators
2	5-Year Group Financial Highlights
3	Corporate Information
4	Corporate Structure
5	Chairman's Statement
7	Management's Discussion and Analysis
11	Directors' Profiles
14	Key Senior Management Profile
15	Sustainability Statement
24	Corporate Governance Overview Statement
34	Statement on Risk Management and Internal Control
36	Directors' Responsibility Statement
37	Additional Compliance Information
38	Audit & Risk Management Committee Report
41	Financial Statements
101	Analysis of Shareholdings
104	Analysis of Warrant Holdings
107	Notice of Annual General Meeting
	Proxy Form

Key Financial Indicators
FY2018



5-Year Group Financial Highlights

Financial year ended 30 June	**2018**	2017	2016	2015	2014
Profitability (in RM'000)					
Revenue	**728,399**	581,910	462,061	428,980	418,688
Depreciation	**29,564**	24,558	19,991	17,955	14,565
Finance costs	**2,433**	1,701	1,573	1,058	1,759
Profit before tax	**114,463**	111,620	91,542	63,081	45,594
Profit before interest and tax	**116,896**	113,321	93,115	64,139	47,353
Profit before interest, tax and depreciation	**146,460**	137,879	113,106	82,094	61,918
Net profit for the year	**87,101**	80,770	67,544	46,612	31,019
Key Balance Sheet Data (in RM'000)					
Total assets	**651,548**	514,113	413,011	333,533	287,799
Shareholders' fund	**369,652**	303,951	247,257	200,003	166,766
Total borrowings	**64,243**	45,914	30,866	23,163	29,947
Share capital	**136,006**	136,006	107,000	107,000	107,000
Share Information					
Earnings per share (sen)	**6.51**	6.04*	5.05*	3.48*	2.32*
Net assets backing (sen)	**27.63**	22.73*	18.49*	14.95*	12.47*
Gearing ratio (times)	**0.17**	0.15	0.12	0.12	0.18
Interest cover ratio (times)	**48.05**	66.62	59.20	60.62	26.92
Return on equity (%)	**23.56**	26.57	27.32	23.31	18.60

* adjusted for 1-2 share split and 1-4 bonus issue

Corporate Information

Board of Directors

Krishnan A/L C K Menon
Independent Non-Executive Chairman

The Cheng Eng
Group Managing Director

Pang Sar
Executive Director/ Group Chief Executive Officer

The Kun Ann
Executive Director

Ong Poay Wah @ Chan Poay Wah
Senior Independent Non-Executive Director

Dato' Rosli Bin Mohamed Nor
Independent Non-Executive Director

Company Secretaries

Lim Hooi Mooi (MAICSA 0799764)

Wong Wai Foong (MAICSA 7001358)

Susie Chew Wei Wei (MAICSA 7054172)

Audit & Risk Management Committee

Dato' Rosli Bin Mohamed Nor
Chairman

Krishnan A/L C K Menon
Member

Ong Poay Wah @ Chan Poay Wah
Member

Nomination Committee

Ong Poay Wah @ Chan Poay Wah
Chairman

Dato' Rosli Bin Mohamed Nor
Member

Krishnan A/L C K Menon
Member

Remuneration Committee

Dato' Rosli Bin Mohamed Nor
Chairman

Krishnan A/L C K Menon
Member

Ong Poay Wah @ Chan Poay Wah
Member

Registered Office

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 603-2783 9191
Fax : 603 -2783 9111

Head Office

Level 8, Tower Block
Plaza Dwitasik
Jalan Sri Permaisuri
Bandar Sri Permaisuri
56000 Kuala Lumpur
Tel : 603-9171 9999
Fax : 603-9173 6666

Registrar

Tricor Investor & Issuing House Services Sdn. Bhd. (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 603-2783 9299
Fax : 603-2783 9222

Auditors

KPMG PLT(Firm No. LLP0010081-LCA & AF0758)
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7721 3388
Fax : 603-7721 3399

Principal Bankers

Alliance Bank Malaysia Berhad
Ambank (M) Berhad
CIMB Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd

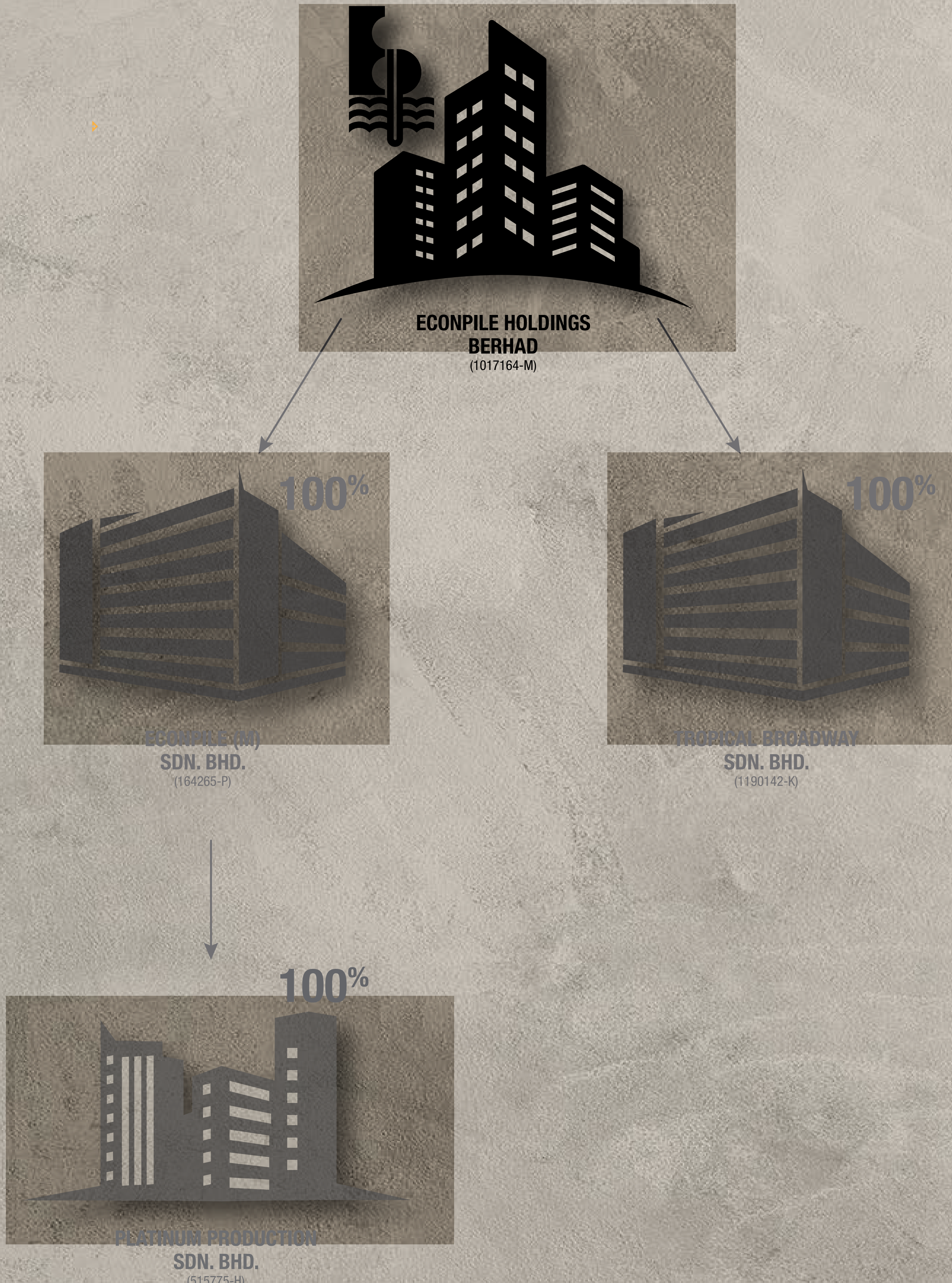
Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

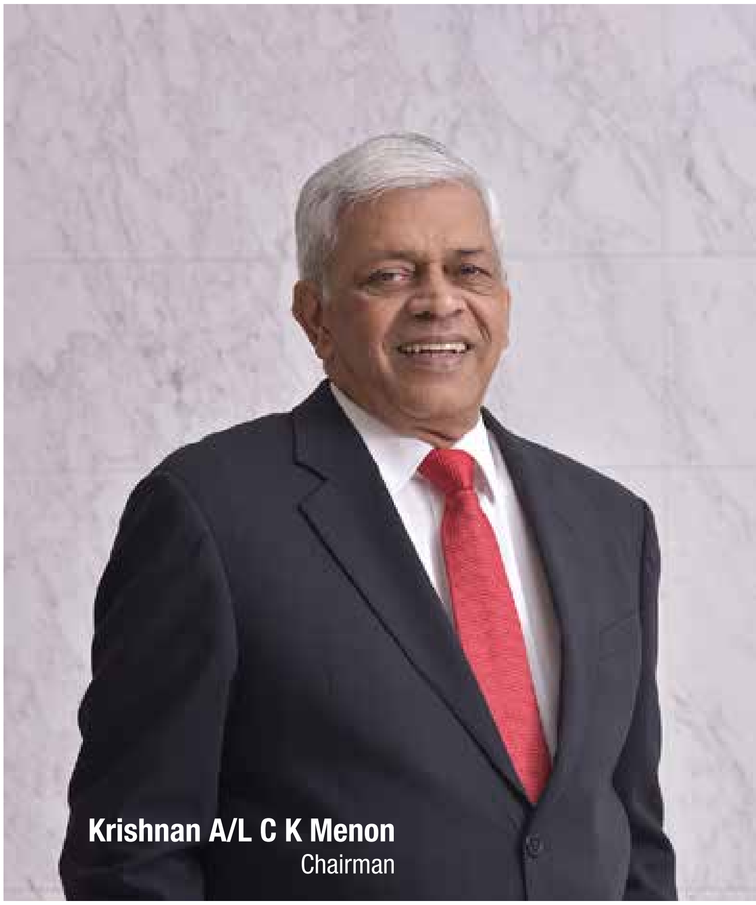
Stock Name/Code

ECONBHD/5253

Corporate Structure



Chairman's Statement


Krishnan A/L C K Menon
Chairman

Dear Valued Shareholders,

The financial year ended 30 June 2018 ("FY2018") proved to be one of the most challenging years in the 31-year corporate history of Econpile Holdings Berhad ("Econpile"), particularly in the final quarter following Malaysia's unprecedented change in its ruling coalition in the 14th Malaysian General Elections. This cast a challenging outlook on the future of Government-funded mega infrastructure construction projects nationwide.

Nonetheless, I am pleased to note that despite these circumstances, we still recorded healthy top and bottomline growth in FY2018. Moreover, our wins of large-scale projects during the year such as Light Rail Transit 3 ("LRT 3") and redevelopment of Tenaga Nasional Berhad's quarters, indicate our competitiveness and ability to secure jobs even in the arduous market conditions.

Our orderbook of RM1.1 billion as at 30 June 2018 will also provide earnings visibility for the next two (2) years.

ECONOMIC REVIEW

Malaysia posted stronger gross domestic product ("GDP") growth of 5.9% in 2017 from 4.2% in the previous year, driven by improvements in the domestic services and manufacturing sectors, and bolstered by higher exports on the back of global demand upswing.

The local construction sector recorded moderated growth of 6.7% in 2017 compared to 7.4% in 2016. On one hand, the sector witnessed steady development of major civil engineering projects in the petrochemical, transportation and utilities spheres, as well as accelerated works from mixed developments, industrial and social projects such as theme parks and shopping complexes. However, this was tempered by the weaker activity in the residential subsector, in line with the highest-ever number of unsold units.

FUTURE OUTLOOK

Bank Negara Malaysia ("BNM") expects the nation's GDP to grow at a slower pace of 5% in 2018. The key factors include constrained government expenditure for mega infrastructure projects in an effort to reduce the RM1 trillion national debt, as well as weaker expansion in the mining and agriculture sectors.

Alongside the opportunities, we are also mindful of external risks that may hinder future growth. For one, the prospect of a trade war between U.S and China may adversely impact the economic welfare of emerging countries including Malaysia, Singapore and Taiwan.

Specifically in our operating environment, the construction industry in Malaysia is anticipated to report muted growth in 2018 on account of fewer activities in the residential and non-residential construction like commercial and mixed developments.

Still, Knight Frank reports that the property sector including the high-end segment is opportune for recovery in the second half of 2018, with improved sentiments from the restored confidence in the new Government.

Chairman's Statement (Continued)

Despite these risks, we are optimistic that the future outlook of the piling and foundation sector in Malaysia remains robust in the long term, with the immense need for new public transportation infrastructure and properties to cater to the rising population especially in urban areas.

With our technical expertise and track record, we strive to support the unwavering economic development of the nation and believe that we are poised favourably to capture these growth opportunities.

CORPORATE EXERCISES

On 8 January 2018, Econpile completed three corporate exercises which were carried out simultaneously:

- Share split involving the subdivision of every one existing ordinary share in Econpile into two Econpile shares;
- Bonus issue of 267,500,005 new split shares on the basis of one bonus share for every four split shares;
- Bonus issue of 267,500,005 free warrants in Econpile on the basis of one warrant for every four split shares held.

The share split and bonus issue were undertaken to adjust Econpile's share price to a more palatable level to attract a wider group of investors, reward our loyal shareholders and improve trading liquidity of Econpile shares.

The share split and bonus issue resulted in Econpile share base increasing from 535.0 million shares to 1,337.5 million shares.

The bonus issue of warrants, at the exercise price of RM1.25 per warrant, would potentially raise RM334.4 million in proceeds over the next five years for working capital requirements of the Group.

Assuming full conversion of warrants, Econpile's share capital would potentially be enlarged to 1,605.0 million shares.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank all our valued shareholders, clients, consultants, suppliers and business partners who played their part in ensuring Econpile remains as one of the leading piling companies in Malaysia. We look forward to your unwavering support and confidence in taking Econpile to greater heights.

Krishnan A/L C K Menon
Chairman

Management's Discussion and Analysis

We are delighted to share that Econpile has maintained its growth despite tough economic conditions in FY2018. This feat is a strong testament of the management's successful strategic planning and team's enduring efforts in carrying out our growth plans.

BUSINESS AND OPERATIONS

Econpile is a specialist provider of bored piling and foundation services, mainly for high-rise property developments and infrastructure projects in Malaysia.

The investment holding company has two wholly-owned subsidiaries, namely Econpile (M) Sdn Bhd ("ESB") and Tropical Broadway Sdn Bhd ("TBSB"). ESB undertakes piling and foundation services while its subsidiary Platinum Production Sdn Bhd ("PPSB") is engaged in rental of investment property and machinery, namely the Group's full-fledged workshop in Rawang to carry out regular maintenance of our fleet of machinery. PPSB also undertakes trading of machinery and related accessories. The principal activity of TBSB is in property development.

As an integrated provider, Econpile offers a full suite of piling and foundation services, which typically includes bored piles, earth retaining systems and construction of substructures. Notable completed projects since inception include piling works for Pavilion shopping centre and Klang Valley Mass Rapid Transit, as well as deep basement works for Elite Pavilion and W Hotel and The Residences.

SHARE PERFORMANCE (1 JULY 2017 TO 30 JUNE 2018)

Year High	RM1.41
Year Low	RM0.55
Year Close	RM0.74
Trading Volume	1,012.0 million
Market Capitalization as at 30 June 2018	RM 989.8 million

Management's Discussion and Analysis (Continued)

FINANCIAL REVIEW

Notwithstanding the economic climate, Econpile maintained its focus on completing and delivering our specialist piling and foundation services in the year under review. These efforts paid off handsomely, as group revenue in FY2018 increased 25.2% to RM728.4 million compared to RM581.9 million previously - yet another high for the Group - on the back of the Group's enlarged orderbook of RM1.1 billion as at 30 June 2018.

Revenue derived from piling and foundation works for property developments contributed RM548.5 million or 75.3% of group revenue, growing 4.7% from RM523.3 million previously. Similar works for infrastructure and other projects, which increased more than three times from RM49.6 million, made up the remaining RM179.9 million or 24.7%.

Notably, contributions from the infrastructure segment was markedly higher than the 8.5% contributed in the previous year, on account of larger undertakings of works for highways and railways.

The larger proportion of infrastructure works which tend to yield lower margins, coupled with higher steel prices resulted in only a slight improvement of the Group's gross profit by 1.4% to RM131.9 million in FY2018 compared to RM130.1 million a year ago. Gross profit margin declined 4.2 points to 18.1% in FY2018 from 22.4% a year earlier.

The Group also incurred 7.0% higher operating expenses of RM26.7 million in FY2018 from RM24.9 million in FY2017 due to higher expenditure necessary to manage the larger base of ongoing projects. Finance costs also rose 41.0% to RM2.4 million from RM1.7 million in tandem with increased borrowings to finance ongoing projects.

Nevertheless, the Group maintained its operating efficiency, demonstrated by profit before tax increasing at a commendable rate of 2.5% to RM114.5 million in FY2018 from RM111.6 million a year ago.

Altogether, Econpile reported net profit of RM87.1 million in FY2018 from RM80.8 million in the previous corresponding year, marking its best-ever full year net profit.

ASSETS, LIABILITIES AND EQUITY

As at 30 June 2018, the Group's total asset base grew significantly to RM651.5 million from RM514.1 million a year ago. The surge was largely due to increased trade and other receivables to RM500.6 million, aligned with the increased revenue and increased retention sums from the completion of larger-scale jobs.

Cash and cash equivalents together with other investments declined to RM26.7 million as at 30 June 2018, from RM53.8 million a year ago, to fund the working capital requirements of the larger project portfolio.

The Group's total liabilities increased to RM281.9 million as at 30 June 2018 from RM210.2 million previously. This was mainly due to higher trade payables which increased to RM199.4 million from RM146.2 million a year ago in line with the larger ongoing project base. The Group also noted higher total borrowings amounting to RM64.2 million versus RM45.9 million earlier, to fund the purchase of machinery and finance working capital.

Shareholders' equity stood at a healthy RM369.7 million from RM304.0 million previously, boosted by higher retained earnings.

CAPITAL STRUCTURE AND CAPITAL RESOURCES

Econpile incurred RM37.8 million in capital expenditure ("CAPEX") for the year under review for the purchase of machinery, and piling and site equipment. These were financed by bank borrowings and internally generated cash.

Despite the higher borrowings, the Group's net gearing level remains at a healthy 0.17, allowing the Group sufficient flexibility to endure economic uncertainties, and/or explore opportunities to sustain the Group's future performance.

Management's Discussion and Analysis (Continued)

DIVIDEND POLICY

In respect of FY2018, the Board of Directors of Econpile had declared a first single-tier interim dividend of 0.6* sen per share, followed by a second single-tier interim dividend of 1.0 sen per share.

Cumulatively, Econpile had distributed total dividends of 1.6* sen per share in respect of FY2018. The dividend payout of RM21.4 million constitutes 24.6% of FY2018 net profit, thus complying with the Group's minimum 20% dividend policy.

We would like to thank our valued loyal shareholders for their unwavering belief and support throughout the years.

*: Adjusted for 1-for-2 share split and 1-for-4 bonus issue

OPERATIONAL HIGHLIGHTS

Econpile successfully secured over RM450 million in new projects in FY2018, comprising a healthy mix of new property development and infrastructure projects.

In FY2018, Econpile partook in more piling and deep foundation works for the infrastructure sector in tandem with the construction sector boom.

Amongst others, the Group successfully tendered for and won its first Light Rail Transit ("LRT") contract amounting to RM208.7 million to undertake bored piling and general infrastructure works for Package GS04 of the 37 kilometre LRT3 line.

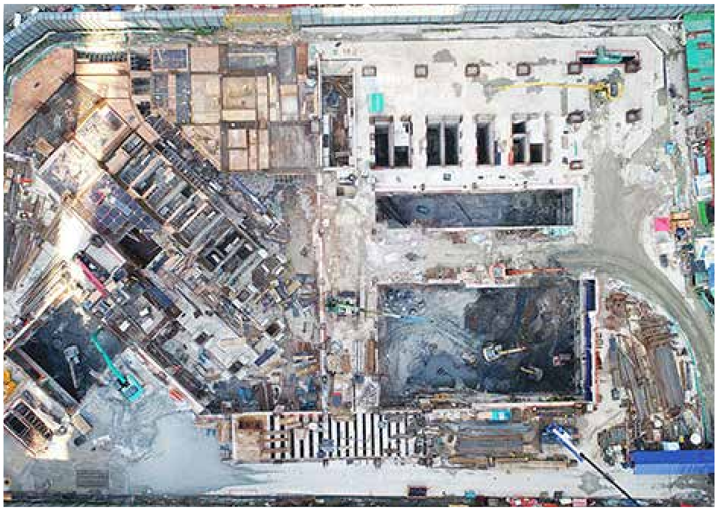
Despite the increase in infrastructure projects secured, the property development sector remained active. Econpile secured a RM119.1 million contract to perform bored piling, pilecaps substructure and basement works for the redevelopment of TNB quarters.

Econpile also added another reputable name of Malaysian Resources Corporation Berhad to its clientele by securing a RM48.0 million piling and basement works contract for Parcel B of 9 Seputeh mixed development.

A notable operational highlight is our progress into the basement works for the Oxley Towers project in Kuala Lumpur city centre. After the completion of over 200 bored piles, which includes piles with diameter of three (3) metres and record-breaking length of over 100 metres, works are in full swing to complete the five-level basement located at Jalan Ampang. Particularly challenging is the requirement to minimise the displacement impact to the greatest extent possible due to the project's close proximity to the LRT tunnel. Buttress walls were installed to reduce the deflection of the diaphragm walls around the perimeter of the site. In addition, fibre optic deformation sensor is introduced for real-time remote displacement monitoring.

This project is yet another showcase of our capability to construct deep basement structure in built-up urban areas using full top-down construction method. In the coming months, the project will witness simultaneous works being carried out to construct both underground structure and above-ground building, resulting in time savings to the overall construction programme for the developer.

Our biggest project secured to-date is Pavilion Damansara Heights which sits between two (2) Mass Rapid Transit stations. FY2018 saw us carrying out basement works in Phase One as well as moving into the initial stages of Phase Two, which expanded our total project footprint to almost 16 acres. The underground structure consists of eight (8) levels of car park basement which requires the completion of ten (10) basement slabs by adopting top-down construction method. Due to site logistics limitations, currently the construction of odd-numbered floor slabs is of higher priority and is progressing more rapidly than the other slabs. Huge amount of soil of almost 400,000 m^3 in total needs to be removed from Phase One alone for the construction of the deepest underground parking in Malaysia.



OPERATIONAL HIGHLIGHTS (CONTINUED)

Maju Kuala Lumpur located in Sungai Besi was one of our largest site operations during the year under review. One key feature of the project is the use of different earth retaining systems to provide additional stability for the perimeter walls. On one side of the site, ground anchors are used as elements to support the pile wall along the Kuala Lumpur-Seremban Highway. On the other side, top-down floor slab is used to brace the perimeter wall instead of tie-back shoring due to its close distance to the Express Rail Link. A unique challenge to the project is that rock blasting and extensive rock hacking had to be carried out for the construction of pile caps and floor slabs as the site sits atop a large outcrop of rock.

On the technology front, we have broken new ground by using down-the-hole ("DTH") hammer for rock drilling. Thus far, we have installed over 70 large-diameter piles socketed into granite for the CA3 portion of Sungai Besi-Ulu Kelang Elevated Expressway ("SUKE"). The project has demonstrated that when it comes to speed, the percussive action exerted by DTH hammer is very efficient for drilling boreholes into hard rock in bedrock. We will continue our research and development efforts in this area as the application of this technique would help us tremendously in tackling challenging projects with difficult rock formations.

GROWTH STRATEGIES

We are assured that with the Group's strong track record spanning three (3) decades coupled with our technical expertise, Econpile is able to secure more jobs going forward while being mindful of the potential challenges ahead.

In order to position ourselves to capture future growth, we will continue to implement the following strategies:

- **Tender for property-related projects**
  The change in ruling coalition had an adverse impact on the infrastructure sector in Malaysia in line with the new Government being more cautious with its expenditure. Having said that, the Group continues to tender for mixed development projects in the Klang Valley. We aim to secure more property-related projects going forward as our core expertise is performing piling works and substructure works for high-rise buildings within congested urban environment.

- **Optimise fleet and workforce capability**
  As we strive to enhance our operational efficiency, we will remain diligent in enhancing the skillsets of our workforce through extensive training as well as improving our business processes through stringent planning and careful execution.

All in all, we are optimistic of sustaining our growth momentum as we head into the new financial year, backed by our strong management team and competitive edge in the piling and deep foundation sector.

Sincerely,
The Cheng Eng
Group Managing Director

Pang Sar
Executive Director/ Group Chief Executive Officer

Directors' Profile

From left to right:
Pang Sar Executive Director/ Group Chief Executive Officer
Ong Poay Wah @ Chan Poay Wah (f) Senior Independent Non-Executive Director
Krishnan A/L C K Menon Independent Non-Executive Chairman
The Cheng Eng Group Managing Director
Dato' Rosli Bin Mohamed Nor Independent Non-Executive Director
The Kun Ann (f) Executive Director

KRISHNAN A/L C K MENON

Independent Non-Executive Chairman

Krishnan A/L C K Menon (Male), a Malaysian aged 68, is our Independent Non-Executive Chairman. He was appointed to our Board on 20 February 2014. He is also a member of the Audit & Risk Management, Remuneration and Nomination Committees. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

He spent thirteen (13) years in public practice with Hanafiah, Raslan and Mohamed where he left as the Partner in 1987. Thereafter, he joined Public Bank Berhad where he served for six (6) years and left as the Executive Vice-President in 1994. After serving two (2) public-listed companies, he joined Putrajaya Holdings Sdn Bhd as its Chief Operating Officer from 1997 until 2000.

He is presently the Chairman of SCICOM (MSC) Berhad and a Non-Executive Director of Petroliam Nasional Berhad.

Mr Menon has attended all the Board meetings held during his tenure in office for the financial year ended 30 June 2018. He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2018.

THE CHENG ENG

Group Managing Director

The Cheng Eng (Male), a Malaysian aged 70, is our founder and Group Managing Director. He is also a substantial shareholder of the Group. He was appointed to our Board on 8 October 2013. As our Group Managing Director and a member of key senior management, he is responsible for senior oversight of operations as well as directing growth and strategic direction of the Group.

He has over forty five (45) years of extensive experience in the piling and foundation industry. He started his career in Singapore, firstly as a Site Supervisor with United Engineers Pte Ltd, and later as a Senior Site Manager with Caisson Piling Pte Ltd. He pursued several entrepreneurial ventures in the field of geotechnical engineering before founding Econpile (M) Sdn. Bhd. in 1987.

Mr The has attended all the Board meetings held during his tenure in office for the financial year ended 30 June 2018. He is the father of Ms The Kun Ann, an Executive Director of the Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2018.

Directors' Profile (Continued)

PANG SAR

Executive Director/ Group Chief Executive Officer

Pang Sar (Male), a Malaysian aged 60, is our Executive Director and Group Chief Executive Officer. He is also a substantial shareholder of the Group. He was appointed to our Board on 8 October 2013. As a member of key senior management, he is responsible for managing the day-to-day operations as well as establishing the overall strategic direction for the Group. He graduated with a Bachelor of Science with Honours Degree in Civil Engineering from University of Leeds, United Kingdom. He is a member of the Institution of Engineers, Malaysia, and a Registered Professional Engineer with the Board of Engineers, Malaysia.

Mr Pang has over thirty (30) years of experience in managing on-site and off-site responsibilities in the piling and foundation sector. Prior to joining Econpile (M) Sdn Bhd in 1991, he has served in various capacities, including Resident Engineer and Project Manager, in consultant firm and construction companies.

Mr Pang has attended all the Board meetings held during his tenure in office for the financial year ended 30 June 2018. He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2018.

THE KUN ANN

Executive Director

The Kun Ann (Female), a Malaysian aged 38, is our Executive Director. She was appointed to our Board on 8 October 2013. She joined our Group in 2010 and as a member of key senior management, she is responsible for the corporate affairs and business development of our Group. She graduated with a Bachelor of Business and Commerce Degree and a Master of International Business, both from Monash University, Australia.

Ms The has ten (10) years experience in commercial and non-profit operations prior to joining the Group. She started her career with an environmental company in charge of business development activities before joining the department of government affairs at the American Malaysian Chamber of Commerce.

Ms The has attended all the Board meetings held during her tenure in office for the financial year ended 30 June 2018. She is the daughter of Mr The Cheng Eng, the Group Managing Director and a substantial shareholder of the Group. She has no conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years nor has she been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2018.

ONG POAY WAH @ CHAN POAY WAH

Senior Independent Non-Executive Director

Ong Poay Wah @ Chan Poay Wah (Female), a Malaysian aged 50, is our Senior Independent Non-Executive Director. She was appointed to our Board on 8 October 2013. She is the Chairman of Nomination Committee and a member of the Audit & Risk Management and Remuneration Committees. She graduated with a Bachelor of Accountancy with Honours Degree from Universiti Utara Malaysia.

Ms Ong has over twenty (20) years of experience in the areas of audit, finance and accounting for both public and private companies and is well versed with regulatory reporting, financial management, corporate restructuring as well as business and budget planning.

After starting her career with an audit firm, she joined Merge Power Sdn Bhd in 1994 as a Group Accountant. She was subsequently appointed as the Executive Director of Merge Housing Berhad, a property development company, in 2001 in charge of its accounting and financial operations. The company was privatised as Merge Housing Sdn Bhd in 2011 and Ms Ong has since remained as the General Manager in its finance and accounts department.

Ms Ong has attended all the Board meetings held during her tenure in office for the financial year ended 30 June 2018. She has no family relationship with any director and/or major shareholder of the Company/Group. She has no conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years nor has she been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2018.

Directors' Profile (Continued)

DATO' ROSLI BIN MOHAMED NOR

Independent Non-Executive Director

Dato' Rosli Bin Mohamed Nor (Male), a Malaysian aged 59, is our Independent Non-Executive Director. He was appointed to the Board on 8 October 2013. He is the Chairman of the Audit & Risk Management and Remuneration Committees and a member of the Nomination Committee. He graduated with a Bachelor of Science in Civil Engineering from Brighton Polytechnic (presently known as Brighton University), United Kingdom.

Dato' Rosli has a wealth of experience spanning over thirty (30) years in the fields of infrastructure development and construction. He served in different capacities at Engineering and Environmental Consultants Sdn Bhd and United Engineers (M) Bhd before starting his own construction business by forming Benar Antara Sdn Bhd, a PKK Class A and CIDB Grade 7 registered Bumiputera Contractor. The company undertook construction of various projects including highways, LRT tunnels, water reservoirs and rail lines.

He then moved on to other new businesses in construction, development and mining sectors. In 2010, he was engaged as the Business Development Advisor of TRC Infra Sdn Bhd.

He was a Director of Export-Import Bank of Malaysia Berhad ("EXIM Bank") for nine (9) years and he had served as a member of its Board Audit Committee and its Board Risk Committee, among other committees at EXIM Bank.

He is presently an Independent Non-Executive Director of Salcon Berhad.

Dato' Rosli has attended all the Board meetings held during his tenure in office for the financial year ended 30 June 2018. He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2018.

Key Senior Management Profile

From left to right:
Bin Lay Thiam
Senior General Manager (Finance)
Pang Sar
Executive Director/ Group Chief Executive Officer
The Cheng Eng
Group Managing Director
The Kun Ann (f)
Executive Director
Choo King Hwa
Senior General Manager (Projects)
Ng Heng Heem
Senior General Manager (Contracts)

Apart from the Group Managing Director, the Executive Director/Group Chief Executive Officer and the Executive Director, the Key Senior Management also comprises the following heads of department.

Ng Heng Heem, a Malaysian aged 62, is our Senior General Manager (Contracts). He was appointed to the position on 1 July 2014. He is responsible for the management, execution and monitoring of tender and contract functions of the Group. He graduated with a Bachelor of Quantity Surveying (Honours) from University of Technology Malaysia in 1979. He is a member of the Royal Institution of Surveyors, Malaysia and a professional member of the Royal Institution of Chartered Surveyors. He is also a registered Quantity Surveyor registered with Lembaga Juruukur Bahan Malaysia. He possesses over thirty five (35) years of experience in contract administration and quantity surveying in the construction sector.

He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2018.

Choo King Hwa, a Malaysian aged 57, is our Senior General Manager (Projects). He was appointed to the position on 1 July 2014. He is responsible for the monitoring and management of site technical activities of our Group. He graduated with a Bachelor of Civil Engineering with Honours Degree from Monash University, Australia in 1985. He has over thirty (30) years of experience in a variety of technical and managerial roles locally and internationally, involving in tendering, design and all the way through to completion of construction of projects.

He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2018.

Bin Lay Thiam, a Malaysian aged 48, is our Senior General Manager (Finance). He was appointed to the position on 1 June 2012. He is responsible for directing the financial and accounting operations of the Group. He is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants and a Fellow of the Association of Chartered Certified Accountants.

He has over fifteen (15) years of experience in holding finance management positions in several public listed companies.

He is presently an Independent Non-Executive Director of Harbour-Link Group Berhad.

He has no family relationship with any director and/or major shareholder of the Company/Group. He has no conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor has he been imposed of any public sanction or penalties by any relevant regulatory bodies during the financial year ended 30 June 2018.

Note:
1. Save as disclosed, the Directors and Key Senior Management do not hold any directorship in public companies and listed issuers.

Sustainability Statement

A. INTRODUCTION

The Board of Directors of Econpile Holdings Berhad ("the Board") sees sustainability as being integral to good governance and a key factor to ensure the long-term economic success of Econpile Holdings Berhad ("the Company") and its subsidiaries (collectively referred to as "the Group") . We see the integration of sustainability into our business strategies as an opportunity to become a better company for our stakeholders, including our shareholders.

As this is our first year of reporting, we are still establishing our sustainability approach and have yet to put in place the governance framework necessary to ensure that sustainability issues relevant to our business are addressed comprehensively. This however does not mean that no effort on sustainability matters has been made during the financial year under review. For instance, occupational safety and health is one of the most material sustainability issue for the Group and concerted efforts to improve in this area have been especially pronounced in the financial year under review.

This Sustainability Statement underlines our commitment towards being a sustainable organisation and our endeavours to continuously improve across three aspects of sustainability i.e. economic, environmental and social ("EES") considerations.

B. SCOPE

This is our first sustainability statement covering the period 1 July 2017 until 30 June 2018 ("FY2018"). It discloses information on our activities and achievements for FY2018 in EES areas and is reported according to Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") on sustainability reporting.

We have confined the scope of this statement to include only the Company's core wholly-owned subsidiary, Econpile (M) Sdn Bhd, that undertakes general construction and piling works.

C. GOVERNANCE STRUCTURE

During the financial year under review, EES sustainability has not been a separate agenda item at the Board level. We recognise the need to develop a more structured, systemic approach to sustainability to build on the momentum we have established with our isolated sustainability initiatives. With the recent successful accreditations of integrated management system which combines quality, environmental and safety management systems, the Group is now on a stronger footing to adopt sustainability as a strategic imperative for its business.

We are cognisant of the importance of the Board to drive leadership on sustainability. The Board has the ultimate responsibility to ensure that the sustainability efforts are embedded in the strategic direction of the Company. The governance structure of sustainability will be studied and determined at the Board level, details of which will be reported in the next reporting period. We are mindful that the structure shall underline senior-level commitment with the involvement of top management.

D. STAKEHOLDERS ENGAGEMENT

We recognise the overarching importance of stakeholders engagement towards the success of a sustainable business. We are committed to building good relationships with our significant stakeholders as a sustainable imperative.

During the financial year under review, our stakeholders engagement was largely informal and conducted as part of our day-to-day business activities. Moving forward, the Group is committed to establish a more structured engagement with stakeholders through the implementation of a formal stakeholder engagement plan.

In the interest of disclosing our current level of engagement, the Management has identified the most important stakeholders as stated below internally in the course of our business operations. As we move to formalising our sustainability commitment, we believe more stakeholders will be identified.

D. STAKEHOLDERS ENGAGEMENT (Continued)

Stakeholders	Engagement Channel/Approach	Frequency of Engagement
INTERNAL		
Shareholders and Investors	Quarterly financial statements	Quarterly
	Meetings and conference calls	Regularly
	Annual report	Annually
	Annual general meeting	Annually
	Investor briefing	Bi-annually
Employees	Performance review	Annually
	Management meeting	Monthly
	Staff recreation club	Regularly
	Open-door policy	Regularly
EXTERNAL		
clients	Feedback through project managers	Regularly
Regulators	Statutory reporting	Regularly
Local community	Feedback through project managers	Regularly

E. MATERIAL SUSTAINABILITY ISSUES

We focus on EES sustainability issues that are most material to the Group and our stakeholders. We have identified the most material sustainability issues through internal evaluation and reflection that is informed in part by the outcomes of discussions with our stakeholders. The Company is committed to undertake a formal material sustainability assessment to determine and prioritise material sustainability issues that are of great significance to our stakeholders moving forward.

Economic	Financial Performance
	Corporate Governance Product and Service Quality
Environmental	Regulatory Compliance
Social	Occupational Safety and Health
	Diversity and Inclusive Workplace
	Employees Wellbeing

Financial Performance

Good financial performance is one of the key factors in maintaining the continuity of the Group in the long term. Only by operating profitably and developing our business with a long-term sustainable view can the Group respond to the expectations of shareholders and other stakeholders and safeguard the Group's competitiveness both now and in the future.

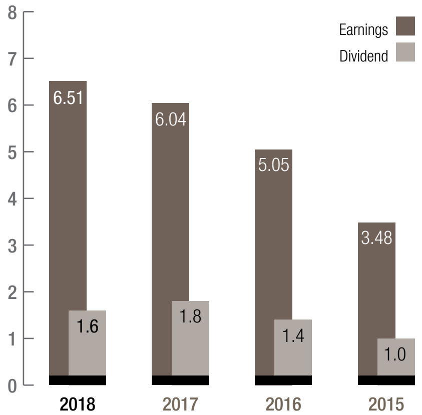
The Group is committed to delivering value to its shareholders through execution of its strategic plan and responsible financial management. For the financial year under review, our underlying earnings per share was 6.51 sen and the dividend paid per share was 1.6 sen.

As at the end of FY2018, the Company had 4,922 shareholders compared to 2,136 at the end of the previous year. The Company has total shares of 137,500,025 currently compared to 535,000,010 shares as at 30 June 2017. At the end of the financial year, the quoted price of our share was RM0.74 with a market capitalisation of RM989.8 million.

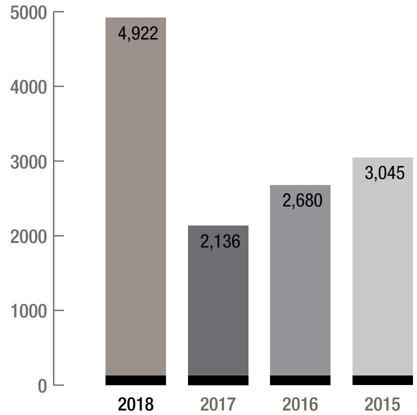
Sustainability Statement (Continued)

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

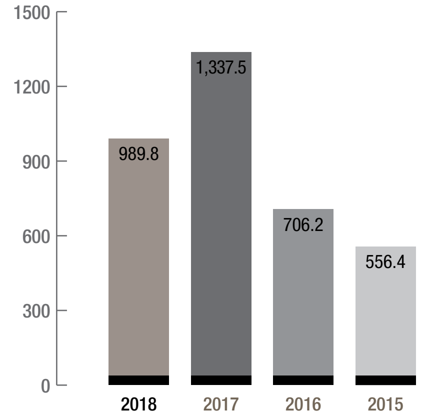
Earnings per share and Dividend per share (sen)



Number of Shareholders



Market Capitalisation (RM million)



	2018	2017	2016	2015
Earnings per share (sen)	6.51	6.04*	5.05*	3.48*
Dividend per share (sen)	1.6*	1.8*	1.4*	1.0*
Number of Shareholders	4,922	2,136	2,680	3,045
Market Capitalisation (RM million)	989.8	1,337.5	706.2	556.4

* adjusted for 1-2 share split and 1-4 bonus issue.

The Group has reported a net profit growth of 7.8% to RM87.1 million in FY2018 from RM80.8 million in the previous financial year, whilst revenue expanded 25.2% to RM728.4 million from RM581.9 million in the previous financial year. The profit performance was achieved largely through the Group's enlarged revenue base. Our topline and bottom line have recorded a continuous growth since the Company was listed on Bursa Malaysia in 2014.

The complete audited financial statements for FY2018 are presented on pages 42 to 100 of this annual report.

Corporate Governance

Corporate governance is one of the core elements ensuring the sustainable development of our business. We observe the principles and best practices set out in the Malaysian Code on Corporate Governance 2017 ("the Code"). Deviations from the Code are reported in our annual reports.

Our Board is committed to maintaining a high standard of corporate governance that fosters accountability, ethical behavior and transparent disclosure. The Audit & Risk Management Committee ("the ARMC") is under the supervision of the Board and is principally responsible to set out the formal approach to risk management to enhance decision-making, performance, accountability and outcomes. The Code of Conduct sets out the standards of conduct and responsible behaviour expected of all our employees. The Whistleblowing Policy ensures that employees can raise concerns, in confidence, about misconduct committed within the Group and reach the highest governance body.

Our governance practices are explained in depth in our Corporate Governance Overview Statement from page 24 to page 33 which covers topics such as our core policies, independence and diversity on the board, remuneration practices and other governance relevant matters.

Product and Service Quality

As product and service quality is the cornerstone of good sustainability performance, we operate a robust quality management system certified to ISO 9001 across our core project activities so clients can be confident that our product and services are delivered with utmost consideration for quality. During the financial year under review , we have successfully completed the transition from ISO 9001: 2008 to ISO 9001:2015. The scope of certification is the provision of installation, testing of bored piles, micro piles and drive piles and construction of sub-structure.

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Product and Service Quality (Continued)

The Group offers a full spectrum of deep foundation solutions to its clients, which typically includes construction of bored piles, earth retaining systems and substructures. We are also equipped to offer value engineering assistance to our clients during the design phase of large and complex projects. We strive to offer the best ideas and solutions by tapping on our project and design teams and by actively pursuing collaboration and innovation with clients and consultants. Our strength lies in our commitment to quality in planning, design and delivery of projects.

We interact with our clients informally through daily interactions. We believe that greater customer satisfaction is directly and positively linked with greater levels of product and service quality. Feedback from clients and consultants was provided to us on informal and ad hoc basis during the financial year. The majority of feedback centred on subjects such as project timeliness, quality control and technical expertise. Recognising that complaints are especially valuable feedback, the project personnel involved will promptly share the details with management so that their root causes and solutions can be determined in a timely manner.

Further down the command chain, the standards of product and service offered by our suppliers and sub-contractors have considerable bearing on the final quality of our projects. We assessed their performance throughout the project construction phases through informal daily exchanges during the financial year.

We recognise that there is a need for structured approaches to assess clients' satisfaction as well as the performance of our subcontractors and suppliers in our continual strive for quality service.

Occupational Safety and Health and Environmental Regulatory Compliance

Health and safety are obvious concerns across the industries, but it is of particular importance within the construction industry where construction sites present higher risks than most of other industry workplaces.

With the mandate from the Group Managing Director ("Group MD") and Group Chief Executive Officer ("Group CEO"), improvement in Quality, Environment, Safety and Health ("QESH") areas was given the utmost attention at the organisational level during the financial year under review. Our QESH Department reports directly to the Group CEO, who has the ultimate responsibility for safety leadership throughout the Group. Safety is one of the key recurring agenda discussed in our monthly management meetings. The QESH Department is principally responsible for monitoring our compliance with relevant regulations and best practices.

The Group has achieved a significant milestone in its QESH management recently. It has established an Integrated Management System for Quality, Environment, Occupational Health and Safety ("IMS") in compliance, with international standards ISO 9001:2015, ISO14001: 2015 and OHSAS 18001: 2017 respectively. Tremendous efforts were undertaken to go through the rigorous audit programme to achieve the accreditations. These accreditations enable the Group spearheading the thrust towards instilling quality, safety and health awareness as well as environmentally responsible operations throughout the Group. The IMS provides us a disciplined and accountable framework for managing risks, quality outcomes, and occupational health, safety and environmental compliance across the Group.

(i) Health and Safety Management

OHSAS 18001 standards provide us a sound framework to identify, control and reduce the risks related to health and safety at our project sites. Some of the many initiatives that have been put in place to create a safe work environment and to ensure compliance with safety regulations include:

- Toolbox meetings to remind site employees on the importance of safety in their daily tasks;
- Emergency drills to enhance emergency preparedness;
- Safety and emergency response training to ensure employees are educated to carry out their tasks in a safe manner;
- Issuance of non-conformance reports to employees and sub-contractors who are in violation of safety rules;
- Health, Safety and Environment awareness campaign to promote awareness on Occupational Safety and Health;
- Periodic review on safety goals and targets, as well as remedial actions and preventive measures for near-miss incidents; and,
- Fogging and larviciding to prevent mosquito breeding.

The safety performance across all project sites is monitored centrally by the QESH Department on a continual basis and is reported to the Group CEO and shared with the senior management.

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Occupational Safety and Health and Environmental Regulatory Compliance (Continued)

(i) Health and Safety Management (Continued)

Throughout the financial year, internal and external audits were performed on project sites round the year as part of the effort to achieve OHSAS 18001: 2017 accreditation.

Trainings and awareness drives are an important feature of our engagement with employees. For FY2018 in particular, we have completed approximately 1000 hours of face-to-face training, focusing on areas such as working at height, first aid and scaffolding safety. General safety talks were also given by enforcement officers to our employees.

As a result of these concentrated efforts in the financial year under review, the reporting period saw an improvement in our health and safety performance through the reduction in the number of incidents reported. The Group has achieved approximately one (1) million man-hours without loss-time injury ("LTI") and maintained zero fatality in the financial year.In particular, no safety-related incident was reported by our current project involving the construction of 5-level basement at Jalan Conlay. This achievement of 350,000 man hours without LTI has earned us an appreciation award from our client Pembinaan Kery Sdn Bhd.

The Group is continuously upgrading its safety and workflow process. We continue to strive towards achieving zero reportable incidents across all project sites.

(ii) Environmental Management

Econpile is a piling and deep foundation work contractor and we are aware the nature of our services has impacts on the environment. Environmental management is a relatively new area of activities for us and ensuring regulatory compliance is the first step towards environmental excellence.

The Group is committed to environmental protection through minimising the negative environmental impacts arising from our daily operations. We have made significant progress on this front with the recent accreditation of ISO14001: 2015, and we plan on continuing to increase awareness and actions of the Group in the environmental area. ISO 14001 provides us with a framework for an effective environmental management system.

Some of the green initiatives in place at work sites to ensure regulatory compliance include but not limited to:

- Real-time monitoring and control of air, noise and vibration;
- Use of stockpile covers to prevent dust;
- Installation of sediment control barriers such as silt fence and silt trap to prevent construction-generated silt from being carried outside site parameters;
- Provision of washing facilities such as wash trough and water jet at the exit points of the construction site;
- Provision of segregated waste bins to facilitate recycling and reuse;
- Issuance of non-conformance reports to employees and sub-contractors who are in violation of environmental rules; and,
- Checking on machinery conditions to minimise soil contamination.

FY2018 saw intensified efforts to lay the proper groundwork for implementation of sustainable environmental actions moving forward. The endeavour includes ensuring sufficient resources for environmental duties as well as sufficient training on environment education. To this end, we have appointed dedicated environmental officers to assist in coordinating environmental affairs at construction sites. They have undergone various trainings and are tasked to study the site activities and their associated environmental aspects and impacts. At the organisational level, environment awareness briefings were given to ensure site personnel minimise pollution whenever possible through compliance with established internal procedures and legal requirements.

We strive to consume resources responsibly and reduce wastage throughout the value chain of our operations. In FY2018, emphasis was placed on the introduction of Reduce, Reuse, Recycle ("3R") initiatives for project sites.

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Occupational Safety and Health and Environmental Regulatory Compliance (Continued)

(ii) Environmental Management (Continued)

The reporting year saw continued focus on the use of durable and reusable systems at project sites whenever practicable. Particularly, we have expanded the use of modular formworks in all major projects for the casting of beams and slabs in the construction of basement, replacing conventional wood shuttering which has a short lifespan. In addition to a considerable reduction in construction waste generation, speed and efficiency were found to be increased due to lesser labour hours required.

With the IMS roadmaps in place, we look forward to moving beyond current activities and scope, towards measuring outcomes and the impact of our work in the future.

Diversity and Inclusive Workplace

Our workforce is the foundation of our success. The Group is an equal-opportunity employer who sees diversity as a strategic asset in supporting the attainment of its commercial goals and sustainable development. Diversity includes, but is not limited to, gender, age and ethnicity.

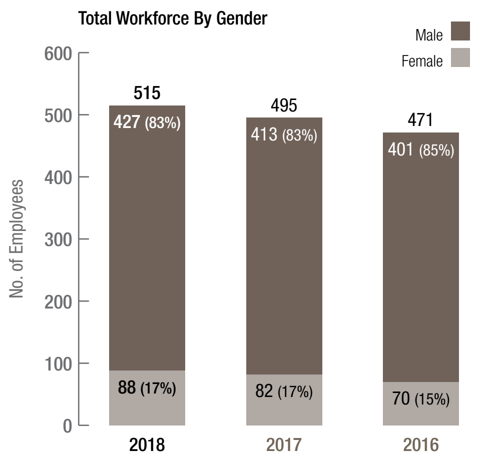
Diversity starts at the top at the Group. Our multi-ethnic Board composition consists of individuals from varied backgrounds with relevant professional experience and competencies. Both genders are represented at the highest level of the Group's decision-making body.

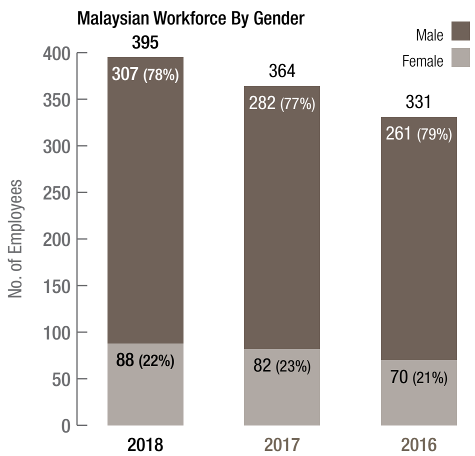
The Group is committed to promote diversity and inclusion in the workplace and aims to do so via:

- recruiting from a qualified, diverse pool of potential applicants for all positions beyond traditional networks, and where appropriate, engaging professional recruitment firm and/or open advertising.
- reviewing pay equity annually at all levels to minimise inadvertent discrimination and to address any racial or gender gaps.
- re-employing existing mature employees who have reached the retirement age of 60, provided they are medically fit to continue working and whose performance are assessed to be satisfactory.
- recognising that employees may have family, domestic or personal responsibilities and these should sympathetically be taken into account when requests from employees for temporary flexible work arrangements are made.
- holding regular company-wide events that involve employees at all levels of responsibility to strengthen team spirit across departments and demographic groups.
- ensuring the Human Resources Department continues to serve as a safe and objective channel for complaints in relation to discrimination, harassment, bullying or intimation, to be raised and addressed.

The Group does not set specific numerical targets for diversity on gender, ethnicity and age in its workforce but will make continuous efforts to enhance workplace diversity on all levels based on the abovementioned strategies.

The Group operates in a male-dominated industry and is therefore a male-dominated company. This is reflected in the numbers of male and female employees that make up the workforce in the Group. When recruiting for new positions we look for the most suitable candidate based on competence and experience. This is vital due to the technical nature of many of our roles.

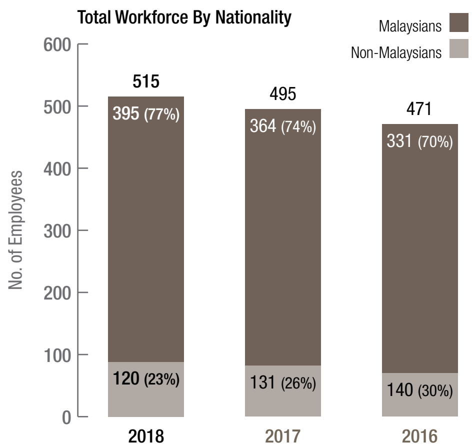




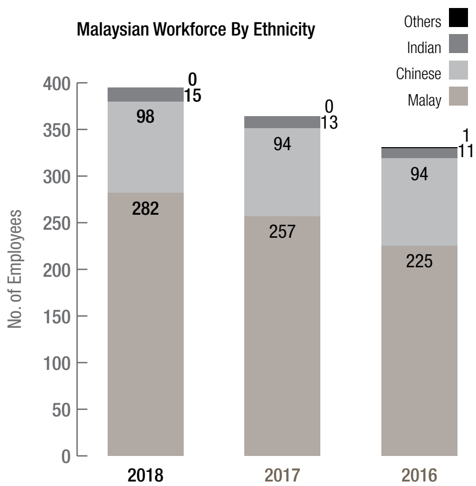
Sustainability Statement (Continued)

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Diversity and Inclusive Workplace (Continued)

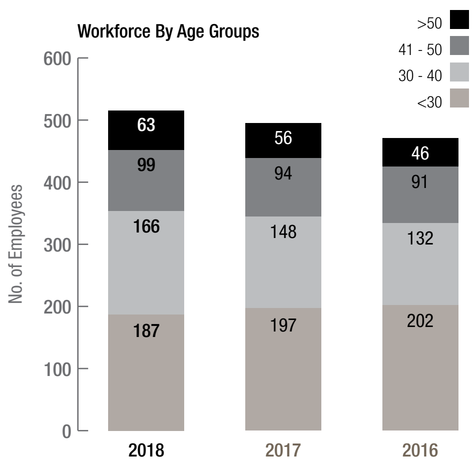


Labour shortage is one of the most important risks in construction projects that may affect the project performance. Due to widely-known structural challenges facing labour market in Malaysia, it is inevitable that the Group relies on foreign labour, mostly Indonesians, to undertake the labour-intensive parts of our operations.



According to 2016-2017 estimates from the Department of Statistic, Malaysian population consists of 68.8% of Bumiputera, 23.2% of Chinese, 7.0% of Indians and 1.0% of Others. The ethnicity breakdown of our Malaysian workforce is considered well-balanced as it does not differ greatly that of the national demographic make-up.

MALAYSIAN WORKFORCE BY ETHNICITY	2018		2017		2016	
Malay	282	71%	257	71%	225	68%
Chinese	98	25%	94	26%	94	28%
Indian	15	4%	13	4%	11	3%
Others	0	0%	0	0%	1	0%
	395		364		331	



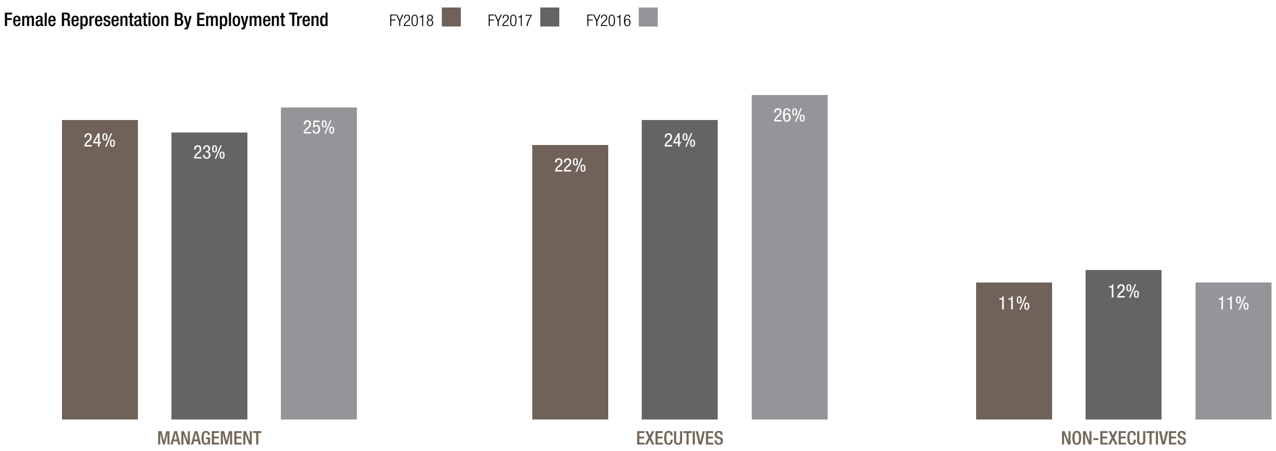
We have a healthy mix of ages among our employees, with people under the age of 30 being the most dominant group. This provides a healthy pipeline of leaders in line with the growth of the Group.

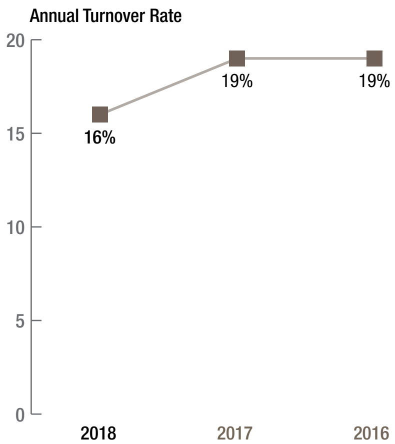
WORKFORCE BY AGE GROUPS	2018		2017		2016	
<30	187	36%	197	40%	202	43%
30 - 40	166	32%	148	30%	132	28%
41 - 50	99	19%	94	19%	91	19%
>50	63	12%	56	11%	46	10%
	515		495		471	

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Diversity and Inclusive Workplace (Continued)

In FY2018, the female representation in management was at a satisfactory 24% as the percentage corresponds closely with the 22% female make-up of our local workforce.





The annual turnover rate has been under 20% in the past three (3) years. Managerial personnel accounted for less than 3% of the turnover and consistently, over 60% of the employees who left the Group in the past three (3) years were from the non-executive category, consisting local and foreign workers.

Our approach to diversity and inclusion is reflected in appointments to roles, compensation levels, which are based on individual ability and performance. In organizational development, we strive to have management positions increasingly represent females and young individuals.

Employees Wellbeing

(i) Employees Benefits and Welfare

We provide Group insurance coverage, medical benefits and an array of allowances and claims. All insurance policies for employees are renewed on a yearly basis ensuring adequate coverage is available to employees.

(ii) Training and Development

The Group provides and offers both internal and external training to its employees to continuously improve their skills and knowledge. QESH was a recurring, priority topic and emphasis was also placed on the facilitation of sharing of technical knowledge among different project teams during the financial year. Employees from the Design Department, Project and Technical Department and Contract Department have also attended specific technical trainings.

Sustainability Statement (Continued)

E. MATERIAL SUSTAINABILITY ISSUES (Continued)

Employees Wellbeing (Continued)

(iii) Employee Engagement

The Group promotes an open culture and practices open door policy. All employees are welcomed to approach the head of their respective departments or the Human Resource Department or the Group MD and Group CEO to raise any issues they may encounter at any point in time. Senior management interaction with all levels of employees is a daily occurrence with employees throughout the Group having the opportunity to work or communicate directly with senior management.

In the past two (2) years, the Group has continued to strengthen employee engagement through various social activities. The Group organises various team-building activities throughout the year to foster team spirit and a sense of belonging amongst employees. This is led mainly by its sports club which is principally tasked to promote healthy lifestyles in the Group. Tournaments were held in the sports of badminton, bowling, futsal and laser tag. Other recreational activities such as Buka Puasa dinner, competition training sessions were also organised by the sports club during the financial year under review.

F. LOOKING AHEAD

As this is our first Sustainability Statement, we see ample room for improvement in the next reporting cycle. The Group is still in the process of putting in place the governance structure as well as systems that will allow us to monitor and measure our performance in the relevant EES areas. In time, we will progress towards presenting quantitative information that will enable our stakeholders to have a clearer view of our corporate sustainability direction. We recognise that consistent financial performance is only part of our responsibility as a company. Moving forward, our sustainability statement shall act as a channel through which our stakeholders can obtain information on our EES performance.

Corporate Governance Overview Statement

The Board of Directors ("the Board") of Econpile Holdings Berhad ("the Company") is supportive of the adoption of principles and best practices as set out in the Malaysian Code on Corporate Governance 2017 ("the Code"). The Board is committed to maintain a high standard of corporate governance within the Company and its subsidiaries (collectively referred to as "the Group") to protect and enhance stakeholders' value and the performance of the Group.

The Board is pleased to share the manner in which the three (3) Principles and Practices of the Code have been applied within the Company throughout the financial year ended 30 June 2018 ("FY 2008") with the exception of the following:

Practice 4.6 - The Board utilises independent sources to identify suitably qualified candidates for appointment of directors.

Practice 7.2 - The Board to disclose on a named basis the top five (5) senior managements remuneration component in bands of RM50,000.

Practice 11.2 - To adopt integrated reporting based on a globally recognised framework (large companies).

The detailed application of each Practice as set out in the Code is disclosed in the Corporate Governance Report ("CG Report") which can be viewed on the corporate website at www.econpile.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board and Management Responsibilities

The Board has the overall responsibility for the leadership and control of the Group and is collectively responsible for promoting the long-term success of the Group.

The responsibilities of the Board include reviewing the Group's strategic plans with a view to ensure that shareholder value is protected and enhanced, overseeing and evaluating the conduct of business of the Group to ensure compliance with legal and regulatory requirements, overseeing the adequate communication to shareholders and relevant stakeholders, overseeing the Group's business operations and financial performance, identifying the main risks associated with the Group and reviewing the procedures and internal control systems to mitigate the risks and providing input to succession plans for executive and management roles. The key matters reserved for the Board's approval include but not limited to setting overall Group strategy and direction, approving major corporate plans, approving annual operating and capital expenditure, approving quarterly and annual financial statements, as well as monitoring of financial and operating performance of the Group.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit & Risk Management Committee, Nomination Committee and Remuneration Committee. The Board Committees have the authority to examine issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations.

There is a clear division of responsibilities between the Board and the Management. The Executive Directors are responsible for the day-to-day management of the Group and the implementation of policies and strategies set by the Board under delegated authority from the Board. In carrying out their responsibilities, the Executive Directors ensure that all reports to the Board present a true and fair view of the Group's financial position and operational performance. The Group focused on its single core business through a principal subsidiary, Econpile (M) Sdn. Bhd., during the financial year under review. The Group Managing Director and Group Chief Executive Officer are primarily responsible for the overall business of the Group. Their profiles are set out on pages 11 to 12 of this Annual Report.

All Board authority conferred on Management is delegated through the Group Managing Director and/or the Group Chief Executive Officer. The Management reports to the Board through the Group Managing Director and/or the Group Chief Executive Officer, and the Group Managing Director and/or Group Chief Executive Officer report to the Board directly at Board meetings and in written updates.

The Board has adopted an internal policy on delegation of approving authority and authority limits. The policy applies to all members of the Board, the Executive Directors and senior management. It establishes the authority of each of these groups to act effectively and make decisions in relation to the activities of the Group.

Corporate Governance Overview Statement (Continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

2. Board Charter and Policies

The Board Charter is in place and periodically reviewed and updated by the Board in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities. The Board Charter sets out the roles and responsibilities of the Board, Chairman, Group Managing Director, Group Chief Executive Officer, Senior Independent Director and Company Secretaries, the formal schedule of matters reserved for the Board and Board Committees amongst others. The Board Charter was last reviewed by the Board on 29 August 2018 and can be viewed at www.econpile.com.

To strengthen the standards of corporate governance and corporate behaviour, the Board has formalised a Code of Ethics which is to be observed by all Directors. In addition, the Company has a Code of Conduct that sets out the standards of conduct and responsible behaviour expected of all Directors, Management and officers to promote corporate culture which inculcates ethical conduct throughout the Group. A Whistleblowing Policy has also been established to ensure there is a structured channel for employees to raise concerns regarding malpractices committed within the Company without fear of reprisal. The Code of Conduct, Code of Ethics and Whistleblowing Policy were adopted by the Board on 29 August 2018 and are accessible through the Company's website at www.econpile.com.

3. Strategies Promoting Sustainability

The Board places great emphasis on corporate sustainability in economic, environmental and social areas. A report on the sustainability activities appears in the Sustainability Statement in this Annual Report.

4. Composition and Balance

The Board currently consists of six (6) members, comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. The composition of the Board fulfils the requirement of Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

The profiles of the Directors are presented on pages 11 to 13 of this Annual Report. The Board members have diverse professional and entrepreneurial background, varied skills and experiences for effective oversight of the Group. The Independent Non-Executive Directors provide the necessary check and balance in the Board's exercise of its functions and independent evaluation of the Board's decision making process.

Although the Company is not defined as a Large Company by the Code, the Board is nevertheless committed to maintaining the current level of female representation of one-third of the total board size.

The Board recognises the importance of clear division of responsibility between the Chairman, Group Managing Director and Group Chief Executive Officer of the Group to ensure a balance of power and authority. The Board adopts the recommendation of the Code that the Chief Executive Officer and Chairman shall not be the same person. The roles of the Chairman, Group Managing Director and Group Chief Executive Officer are separate and clearly defined, and are held individually by different persons. The Group Managing Director is responsible for the running of the affairs of the Company under delegated authority from the Board and to implement the policies and strategies set by the Board whereas the Group Chief Executive Officer is responsible for managing the daily conduct of business to ensure its smooth operations, supervision and management of the Company as well as assisting the Group Managing Director in all of the responsibilities of the Group Managing Director. The Chairman, who is an Independent Non-Executive member of the Board provides leadership role in the conduct of the Board and its relations with the shareholders and stakeholders.

Ms Ong Poay Wah @ Chan Poay Wah is the Senior Independent Director, to whom any concerns of the shareholders and other stakeholders can be conveyed.

Corporate Governance Overview Statement (Continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

5. Reinforced Independence

The Board is satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their abilities to act in the best interest of the Group. All Independent Non-Executive Directors are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

There is a clear separation of powers between the Chairman, who is an Independent Director and the Group Managing Director, which further enhances the independence of the Board.

In accordance with the Board Charter, an Independent Director whose tenure exceeds a cumulative term of nine (9) years may continue to serve on the Board subject to the Director's re- designation as Non-Independent Director. The Board shall justify and seek shareholders' approval in the event it retains as an Independent Director, a person who has served in that capacity for more than nine (9) years. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board shall seek annual shareholders' approval through a two-tier voting process – Tier 1: large shareholders and Tier 2: other shareholders.

At present, the Company does not have any Independent Non-Executive Director who have served in that capacity for more than nine (9) years.

6. Board Meeting and time commitment

The Board is aware of the time commitment expected of them to attend to matters of the Group. An annual meeting calendar is planned and agreed with the Directors. The Board meets on a quarterly basis with additional meetings being convened as and when necessary to, inter alia, approve annual business plans and budgets, operational and financial performance reports, investments and capital expenditures and quarterly reports. The Board is satisfied with the time commitment given by the Directors in discharging their duties for FY 2018.

During the financial year, the Company held six (6) Board meetings and the details of attendance of each Board members are as follows:

Name of Director	Designation	Meeting Attendance
Krishnan A/L C K Menon	Independent Non-Executive Chairman	6/6
Dato' Rosli Bin Mohamed Nor	Independence Non-Executive Director	6/6
Ong Poay Wah @ Chan Poay Wah	Senior Independent Non-Executive Director	6/6
The Cheng Eng	Group Managing Director	6/6
Pang Sar	Executive Director and Group Chief Executive Officer	6/6
The Kun Ann	Executive Director	6/6

During these meetings, the Board deliberated and considered a variety of matters including the Group's corporate developments and financial results. In addition, a special Board meeting was held on 6 September 2017 to approve the following corporate exercises:

(a) Share split involving the subdivision of every one (1) existing ordinary share in the Company into two (2) ordinary shares in the Company;
(b) Bonus issue of 267,500,005 new split shares on the basis of one (1) bonus share for every four (4) split shares; and,
(c) Bonus issue of 267,500,005 free warrants in the Company on the basis of one (1) warrant for every four (4) split shares.

7. Supply and Access to Information and Advice

The Board has full and unrestricted access to any information pertaining to the Group. The Directors and Board Committee members are provided with agenda of meetings and Board papers which contain management and financial information and other matters to be discussed, in sufficient time prior to every Board and Board Committees meetings to enable them to obtain further explanation, where necessary in order to be properly informed before the meeting. The Board also has direct communication channels with the Internal and External Auditors, with the Management of the Group and has the ability to convene meetings with the External Auditors whenever deemed necessary.

The Directors, collectively or individually, may seek independent professional advice to fulfill their responsibilities at the expense of the Group.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

8. Qualified and Competent Company Secretaries

The Company has engaged external qualified company secretaries from Tricor Corporate Services Sdn. Bhd.. The Company Secretaries are qualified to act as company secretary under Section 235 of the Companies Act 2016 and the Company Secretaries are Fellow and Associate members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and play an advisory role particularly with regard to the Company's constitution, Board policies and procedures and its compliance with regulatory and statutory requirements, codes, guidance and legislations.

9. Appointment to the Board

The Nomination Committee is responsible to identify candidates to the Board if vacancy arises or if there is a need to appoint additional directors to strengthen the composition of the Board. The Nomination Committee may identify candidates through recommendation from directors, senior management, major shareholders, and other independent sources such as executive search firms. Upon receipt of the proposal, the Nomination Committee is responsible to conduct assessment and evaluation on the proposed candidate.

The members of the Board have remained unchanged since the Company's listing on Bursa Malaysia Securities Berhad ("Bursa Securities") on 30 June 2014.

For identification and recommendation of new Directors, due consideration shall be given to:

(a) the candidates' skills, knowledge, expertise and experience, professionalism, character, integrity, reputation, competence, commitment (including time commitment) to effectively discharge his/her role as a Director;
(b) board room diversity including gender diversity; and,
(c) in the case of candidates for the position of Independent Directors, the Nomination Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Directors.

Following the Nomination Committee's initial review of a candidate's qualifications and legal and background checks on the proposed candidate, the evaluation process may include, at the Nomination Committee's discretion, subsequent interviews with the Committee members, the Chairman of Board and/or the Company's senior management.

Upon completion of evaluation of the proposed candidate, the Nomination Committee would make its recommendation to the Board. Based on the recommendation of the Nomination Committee, the Board would evaluate and decide on the appointment of the proposed candidate. The Chairman of the Board would then make an invitation or offer to the proposed candidate to join the Board as a director. With the acceptance of the offer, the candidate would be appointed as director of the Company.

10. Re-Election of Directors

In accordance with the Company's Articles of Association, one-third of the Directors shall retire from office at each Annual General Meeting but shall be eligible for re-election. An election of the Directors shall take place every year and all the Directors shall retire from office at least once in every three years. The Company's Articles of Association further provides that all newly appointed Directors shall retire from office but shall be eligible for re-election in the next Annual General Meeting subsequent to their appointment.

The Company Secretaries have the responsibility of ensuring that relevant procedures relating to the appointment of new directors are properly executed.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

11. Board Committees

The Board has established the following committees with respective terms of reference to assist it in discharging its responsibilities:

(a) Audit & Risk Management Committee

The Audit & Risk Management Committee ("ARMC") was established to assist the Board in fulfilling its responsibilities relating to financial reporting, risk management and internal control and reviewing the works of External and Internal Auditors. The terms of reference of the ARMC are accessible at the Company's website at www.econpile.com and further details on the ARMC and its activities are contained in the Audit & Risk Management Committee Report on pages 38 to 40 of this Annual Report.

(b) Nomination Committee

The Nomination Committee comprises entirely Independent Non-Executive Directors. The composition of the Nomination Committee is as follows:

Ong Poay Wah @ Chan Poay Wah - Chairman
Krishnan A/L C K Menon - Member
Dato' Rosli Bin Mohamed Nor - Member

The Nomination Committee assists the Board in nominating new directors, reviewing the composition and size of the Board, and assessing the effectiveness of the Board as a whole, Board Committees and the contribution of each Director. The terms of reference of the Nomination Committee is available on the Company's website at www.econpile.com.

Meetings of the Nomination Committee are held as and when necessary, and at least once a year. The Nomination Committee met twice during the financial year and all members registered full attendance.

The Nomination Committee carried out the following activities in FY 2018:

(i) reviewed the required mix of skills and experience and core competencies of the Board;
(ii) assessed the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director and thereafter, recommended the findings to the Board;
(iii) reviewed the independence of the Independent Directors;
(iv) recommended to the Board the re-election of Directors; and,
(v) reviewed the training attended by each Director.

The performance assessments of the Board, Board Committees and individual Directors were conducted in-house via self-assessment questionnaires. Each Director was required to complete a set of questionnaires and the aggregate responses were tabled to and reviewed by the Nomination Committee.

The assessment criteria for Board performance evaluation includes but not limited to board composition, board processes, board independence and interaction with management.

For the Board Committees, the assessment criteria amongst others are membership and composition of committees, the ability of the committees in assisting the Board in its oversight responsibilities and their interaction with management.

For contribution of each Director, the assessment criteria include but not limited to integrity, strategic perspectives, commitment, communication ability and value-adding contribution.

As for independent directors, the assessment of their independence is based on criteria such as their tenure, their involvement in transactions with the Company and their relationship with the Company and substantial shareholders of the Company.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

11. Board Committees (Continued)

(b) Nomination Committee (Continued)

The three (3) Independent Non-Executive Directors are independent and fulfill the definition of independence as set out in Listing Requirements. The breakdown of the Board by gender, age and ethnicity as at 30 June 2018 are as follows:

Gender		Age		Ethnicity (Malaysians)	
Male	4	30 to 50	2	Malay	1
Female	2	Above 50	4	Chinese	4
				Indian	1

The Company has a Board Diversity Policy with the objective to ensure that the Board has the diversity of perspectives, experience and skills necessary for effective oversight of the Group. Diversity includes, but is not limited to, gender, age and ethnicity. The Board is committed to maintain at least 30% of female representation, whilst ensuring that diversity in age and ethnicity remains a feature of the Board. The Nomination Committee is delegated with the overall responsibility for implementation, monitoring and periodic review of the Board Diversity Policy.

The Board, through the Nomination Committee's annual appraisal, concluded that the Board has the right mix of backgrounds, skills and experiences to discharge its duties effectively.

The Nomination Committee had on 29 August 2018 reviewed the term of office and performance of the ARMC and each of its members to determine whether the ARMC and its members have carried out their duties in accordance with its terms of reference. The Directors' responses were collated by the Management and a summary of the findings was presented to the Nomination Committee for deliberation.

The Nomination Committee was satisfied with the performance of the Board and Board Committees as a whole, as well as the contribution of each Director.

The Nomination Committee also reviewed the results of the assessment and evaluation of the Directors who are due for retirement at the Sixth Annual General Meeting, taking into consideration their skill sets, experience, professional qualifications, core competencies, other qualities, contribution to the Company and time commitment, and had recommended to the Board to table their re-election at the Sixth Annual General Meeting.

Based on the report of the Nomination Committee, the Board is of the view that the current size and composition is well-balanced and fairly reflects the interest of minority shareholders within the Group. In view thereof, the Board will be seeking shareholders' approval to re-elect Dato' Rosli Bin Mohamed Nor and Ong Poay Wah @ Chan Poay Wah as Directors at the Sixth Annual General Meeting.

(c) Remuneration Committee

The Remuneration Committee comprises entirely Independent Non-Executive Directors. The composition of the Remuneration Committee is as follows:

Dato' Rosli Bin Mohamed Nor - Chairman
Krishnan A/L C K Menon - Member
Ong Poay Wah @ Chan Poay Wah – Member

The Remuneration Committee assists the Board in establishing remuneration for Executive Directors, Non-Executive Directors and key senior management.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Remuneration Committee met once during the financial year and all the members registered full attendance.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

11. Board Committees (Continued)

(c) Remuneration Committee (Continued)

The Remuneration Committee reviews the Directors' fees and Directors' benefits, considers the payment of bonus for staff, key management personnel and Executive Directors and reviews the remuneration packages of Executive Directors and key senior management on an annual basis and makes recommendation to the Board. The Board as a whole determines the Directors' fees and benefits and remuneration of the Executive Directors with each individual Director abstaining from decision in respect of their own fees, benefits or remuneration.

The Company has, upon the recommendation of the Remuneration Committee adopted a Remuneration Policy which sets out the remuneration principles and guidelines for members of the Board of Directors and senior management of the Company. The Remuneration Policy aims to attract, motive and retain qualified Directors and the senior management. The remuneration of Executive Directors and senior management is made up of fixed component i.e. basic salary and variable remuneration components i.e. annual performance bonus and other benefits. The total reward package take into account both individual and corporate performance.

For Non-Executive Directors, their remuneration consists of directors' fees and meeting allowances. To compensate for additional responsibility, the Chairmen of the Board and Committees are compensated at levels higher than other members. Different levels of fees are also paid in respect of the different Board Committees, based on the complexity and amount of preparation and level of responsibility required.

The term of reference of the Remuneration Committee and the Remuneration Policy are accessible through the Company's website at www.econpile.com.

12. Directors' Training

The Directors have attended various development and training programmes according to their individual needs to keep abreast with developments in the market place and to further enhance their business acumen and professionalism in discharging their duties to the Group.

The seminars and training courses attended by the Directors during the financial year under review are as follows:

Name	Training/Course/Conference Title	Organised by
The Cheng Eng	Shaping Better Cities	Arup Jururunding Sdn Bhd
	Bauer In-House Exhibition 2018	Bauer Maschinen Group
Pang Sar	Shaping Better Cities	Arup Jururunding Sdn Bhd
The Kun Ann	RHB Regional 2017 Conference – One Belt, One Road, One Asia	RHB Bank Berhad
	Future Leaders Programme	Affin Hwang Asset Management Berhad
	Market Insights Seminar – Malaysia Economic Outlook and Opportunities from the One Belt One Road Initiative	Alliance Bank Malaysia Berhad
	Budget 2018 - Making Sense of It	PwC Malaysia
Ong Poay Wah @ Chan Poay Wah	Seminar on Budget 2018 and GST	TAMS Training Services Sdn Bhd
Dato' Rosli Bin Mohamed Nor	Building High Performance Directors 2.0 - Organisational Sustainability in Osaka	Malaysian Directors Academy
	Hedging with Futures and Options	Euromoney Learning Solutions

There were also briefings presented by the Internal and External Auditors and the Company Secretaries on the relevant updates on statutory and regulatory requirements from time to time during the Board meetings and Board Committees meetings.

Subsequent to the financial year end and up to the date of this Statement, Mr. Krishnan A/L C K Menon has attended two (2) training sessions, of which details will be disclosed in the next reporting period. He did not attend any training programme during the financial year as he has not identified any training courses that were of particular benefit to his role as an Independent Non-Executive Chairman.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

13. Directors' and Senior Management Remuneration

The Remuneration Committee is principally responsible for recommending to the Board the remuneration package of the Executive Directors and senior management. The level of remuneration reflects the experience and level of responsibilities undertaken by the Executive Directors and senior management. The remuneration package offered to the Executive Directors and senior management as well as fees payable to Non-Executive Directors are the responsibility of the entire Board and individual Directors are required to abstain from discussion on their own remuneration and fees.

Fees and benefits payable to the Directors of the Company are subject to yearly approval by shareholders at the Annual General Meeting. The breakdown of the Directors' remuneration paid in the financial year are as follows:

	Fees (RM)	Salaries (RM)	Other emoluments* (RM)	Benefits-in-kind (RM)	Total (RM)
On Company basis					
Executive Directors					
The Cheng Eng	-	120,000	18,353	-	138,353
Pang Sar	-	120,000	18,400	-	138,400
The Kun Ann	-	36,000	8,779	-	44,779
Non-Executive Directors					
Krishnan A/L C K Menon	70,000	-	7,134	-	77,134
Ong Poay Wah @ Chan Poay Wah	49,500	-	7,254	-	56,754
Dato' Rosli bin Mohamed Nor	58,000	-	7,254	-	65,254
On Group basis					
Executive Directors					
The Cheng Eng	-	1,362,000	863,506	35,200	2,260,706
Pang Sar	-	1,362,000	863,600	35,200	2,260,800
The Kun Ann	-	276,000	172,855	17,400	466,255
Non-Executive Directors					
Krishnan A/L C K Menon	70,000	-	7,134	-	77,134
Ong Poay Wah @ Chan Poay Wah	49,500	-	7,254	-	56,754
Dato' Rosli bin Mohamed Nor	58,000	-	7,254	-	65,254

**Other emoluments include bonuses, allowances, contributions to Employee Provident fund and Social Security Organisation.*

In addition to the remuneration package, Directors also have the benefit of Directors' & Officers' Insurance to ensure that they are adequately covered against liabilities in the course of performing their professional duties.

The core group of senior management consists of six (6) individuals, i.e. three (3) Executive Directors and three (3) Senior General Managers. The remuneration of the Senior General Managers is not disclosed on named basis. The Board is of the view that such disclosure may contribute to talent retention issues as employee poaching is a common phenomenon in the construction industry and is not in the best interest of the Group.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

13. **Directors' and Senior Management Remuneration** (Continued)

The Board believes that the transparency and accountability aspects of the Code on disclosure of the remuneration of senior management are appropriately served by remuneration disclosures above as well as disclosures in bands of RM50,000 as follows.

Range of Remuneration	Number of Senior General Manager
RM450,001-RM500,000	1
RM500,001-RM550,000	2

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. **Financial Reporting**

The Board aims to present a balanced, clear and comprehensive assessment of the Group's financial position and prospects primarily through its annual reports, quarterly interim financial results and press releases. In the process of preparing this financial information, the Board, with the assistance of the ARMC, reviewed the accounting policies and practices to ensure that they are consistently applied throughout the financial year. In cases where judgment and estimates were made, they were based on reasonableness and prudence.

2. **Risk Management and Internal Control**

Recognising the importance of risk management, a risk register is in place to identify, evaluate and manage the significant risks of the Group on an ongoing basis. The risks were identified through a series of validation meetings conducted by a professional service firm with the key management personnel to assess the key risks relating the respective areas of management. All identified key risks were rated and priortised in terms of likelihood of the risk occurring and its impact should the risk occur. No risks were identified by the key management personnel as having high likelihood of occurrence and very significant impact on the business continuation of the Group. All identified controllable risks were monitored and appropriately managed through existing internal controls by the Group through the financial year under review. The key features of the risk management framework are set out on page 34 in the Statement on Risk Management and Internal Control of this Annual Report.

The internal audit function is outsourced to an external professional internal audit service provider, Axcelasia Columbus Sdn. Bhd. The scope of work covered by the internal audit function during the financial year under review is provided in the ARMC Report set out on pages 38 to 40 of this Annual Report.

3. **Relationship with External Auditors**

The Group has established a formal and transparent arrangement with the External Auditors to meet their professional requirements through the ARMC. The External Auditors attended three (3) out of five (5) scheduled meetings of the ARMC in FY 2018. The term of service of the External Auditors is renewable every year subject to satisfactory performance.

An External Auditors Policy is in place which outline the guidelines and procedures for the ARMC to assess and review the External Auditors. The ARMC reviews the appointment, performance and remuneration of the External Auditors before recommending to the Board and to the shareholders for re-appointment in the Annual General Meeting.

The ARMC also convenes meetings with the External Auditors without the presence of the Executive Directors and Management whenever it deems necessary. The External Auditors report directly to the ARMC.

During the financial year and having assessed the External Auditors, the ARMC is satisfied with the competency, independence, experience and resources required to fulfill their duties effectively as the External Auditors of the Company. The External Auditors have also confirmed their independence in accordance with their firm's policies prior to the commencement of audit.

Corporate Governance Overview Statement (Continued)

PRINCIPLE C: INTEGRITY IN REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Corporate Disclosure Policy, Investors Relations and Shareholders Communication

The Group recognises the importance of effective and timely communication with shareholders and investors to keep them informed on the Group's latest business and corporate developments. Such information is disseminated via the Group's annual reports, quarterly financial results and through various disclosures through the Group's website at www.econpile.com as well as the official website of Bursa Securities. In addition, the Group also engages in regular dialogues with institutional investors, fund managers and analysts. At general meetings, the Board encourages shareholders' participation and responds to their questions. Shareholders can also leave written questions for the Board to respond. The primary contact for investor relation matters is:

Ms. The Kun Ann
Executive Director
Tel: 603-9171 9999
E-mail: ir@econpile.com.my

Briefings for analysts and institutional investors are held bi-annually in conjunction with the release of the second quarter and fourth quarter financial results. During the financial year, in addition to meetings with investors, the Group participated in domestic and international roadshows to share the latest updates and pertinent information on the Group's progress with the investment community. Senior management was involved in investor meetings and conferences to update on financial results as well as to impart broad insights on the Group's strategic directions.

As at the date of this Statement, the Company has put in place the Corporate Disclosure Policies and Procedures which provides guidance for disclosure of material information in accordance with the Listing Requirements.

2. Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with shareholders and investors, where they may seek clarification on the Group's performance, major developments of the Group as well as on the resolutions being proposed. Members of the Board as well as the External Auditors and the Company Secretaries are present to answer questions raised.

The notice of the AGM together with the Annual Report are despatched to shareholders at least twenty eight (28) days before the meeting. Sufficient notice period is given to the shareholders in order for them to schedule their time to attend the Company's AGM. The Notice of AGM contains information such as the date, time and venue of the AGM, the shareholders' right to appoint a proxy and details of the resolutions that will be tabled at the AGM. The resolutions set out in the Notice will be voted by poll and an independent scrutineer will be appointed to validate the votes.

The outcome of general meeting will be announced to Bursa Securities on the same day of the meeting.

Statement On Risk Management And Internal Control

INTRODUCTION

The Board is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 30 June 2018, which has been prepared pursuant to paragraph 15.26 (b) of the Listing Requirements and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"), in this annual report. This statement outlines the nature and state of the risk management and internal control of the Group during the financial year up to the date of approval of this Statement. The Malaysian Code of Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investment and Group assets.

BOARD'S RESPONSIBILITIES

The Board recognises its overall responsibility for maintaining a sound system of risk management and internal control and the need to regularly review its adequacy and effectiveness. Such system covers not only financial controls but also operational and compliance controls.

In view of the limitations that are inherent in any system of risk management and internal controls, such a system put into effect by the senior management is designed to manage rather than eliminate risks that may impede the achievement of the Group's business strategies and objectives. Therefore, such a system can only provide reasonable but not absolute assurance against any material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

Whilst the Board maintains ultimate control over risk and control issues, it has delegated to the Audit & Risk Management Committee ("the ARMC") to oversee the implementation of the system of risk management and internal control within established parameters and framework. The responsibility for identifying and managing the risks of each department lies with the respective Heads of Department.

The key risks relating to the Group's strategic matters are discussed at the Board meetings. In addition, the responsibility for managing the risks of each department within the Group lies with the respective Heads of Department and it is during the monthly management meetings where significant risks identified and the corresponding internal controls implemented are communicated to the Executive Directors and senior management.

The risk register is updated once every two years and the last update was presented to the ARMC and the Board in financial year 2017. The risk register was updated by senior management, with the assistance of a professional services firm. Through this risk assessment update, which took into consideration the economic and business outlook, risks were identified, assessed and rated, and existing risks were also re-evaluated. Based on this risk assessment, the senior management has identified three (3) key risks which are the shortage of workers, credit risk and slower debt collection and delays in the completion of project. In addition, senior management has also identified mitigating measures or action plans to be implemented to reduce these key risks.

The risk management framework is guided by the principles of Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Enterprise Risk Management framework, an internationally recognised risk management framework.

The risk management process mentioned above has been in place for the financial year under review and up to the date of the approval of this Statement.

INTERNAL AUDIT FUNCTION

The Group's Internal Audit Function assists the Board and ARMC by providing an independent assessment of the adequacy and effectiveness of the Group's risk management and internal control systems. Further details of the Internal Audit Function are set out in ARMC Report on pages 38 to 40 of this Annual Report.

Statement On Risk Management And Internal Control (Continued)

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control systems are:

a) The Group has an organisation structure with clear lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.

b) The Executive Directors are closely involved in the running of the business and operations of the Group and they report to the Board on significant changes in the business and external environment, which affect the operations of the Group at large.

c) Management meetings are conducted monthly with the Executive Directors and the senior management in attendance.

d) The Group Managing Director and the senior management in the Project and Technical Department undertake visits to project sites and workshop and communicate with various levels of staff. The visits and close communication with working level are pertinent to obtaining timely feedback on the progress at the project sites and workshop activities, and gauging first-hand the effectiveness of strategies discussed and implemented.

e) Insurance on the major assets and resources of the Group are in place to ensure that there is adequate insurance coverage against any mishap that may result in losses to the Group.

f) All quarterly announcements were reviewed by the ARMC and approved by the Board upon recommendation of the ARMC before announcing to Bursa Malaysia Securities Berhad.

g) The Group's subsidiary, Econpile (M) Sdn. Bhd., has established an Integrated Management System for Quality, Environment, Occupational Health and Safety which is in compliance with international standards ISO 9001:2015, ISO14001: 2015 and OHSAS 18001: 2017 respectively. The scope of certification is the provision of installation, testing of bored piles, micro piles and drive piles and construction of sub-structure. The certifications are valid up to 26 August 2021,9 September 2021 and 11 Mar 2021, respectively.

h) A Safety, Health and Environment Policy is in place and the Quality, Environment, Safety and Health ("QESH") department is tasked to raise the awareness of QESH practices throughout the Group and monitors the compliance with the relevant regulations and best practices.

i) A whistleblowing policy is in place to assist employees raise concerns on any malpractices they may observe in the Group, without fear of retaliation. In addition, corporate disclosure policies and procedures have been formulated to provide general guidance to the Directors and employees in the determination and dissemination of material information.

CONCLUSION

The Board is of the view that the Group's system of risk management and internal controls in place are adequate and effective for the financial year under review and up to the date of issuance of this Statement to safeguard shareholders' investments and the Group's assets and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. The Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. As such, the Board will, when necessary, put in place appropriate action plans to rectify any potential weaknesses or further enhance the system of internal control within the Group.

The Board has also received assurance from the Group Managing Director, Group Chief Executive Officer and the Senior General Manager (Finance) that the Group's risk management and internal control system are operating adequately and effectively, in all material respects, based on the risk management and internal control system of the Group.

REVIEW OF THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement On Risk Management and Internal Control for inclusion in the Annual Report for the year ended 30 June 2018 and nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Directors' Responsibility Statement

The Companies Act 2016 ("Act") requires the Directors to present the financial statements of the Group and the Company in accordance with the Act and Malaysian Financial Reporting Standards and that they give a true and fair view of the results of the business and the state of affairs of the Group and the Company at the end of the financial year.

The Directors have placed reliance on the system of internal control within the Group and the Company to form a basis of reasonable grounds that the accounting systems and records maintained by the Group and the Company provide a true and fair view of the current state of affairs of the Group and the Company.

The Directors have further responsibility of ensuring that accounting records are kept with reasonable accuracy which enable the Group and the Company to provide a true and fair view of the financial results. In addition, the annual audited financial statements have been prepared based on relevant and appropriate policies and with usage of reasonable and prudent judgement and estimates.

The Directors have also a general responsibility for taking reasonable measure to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

In compliance with the several responsibilities of the Directors, the Directors present the financial statements of the Group and the Company for the financial year ended 30 June 2018 as set out on pages 42 to 100 of this Annual Report.

Additional Compliance Information

1. OPTIONS, WARRANTS OF CONVERTIBLE SECURITIES

On 3 January 2018, the Company issued 267,500,005 free Warrants on the basis of one (1) Warrant for every four (4) split ordinary shares in the Company. During the financial year ended 30 June 2018, there was no conversion of Warrants. Save for the above, there was no other issuance of options, warrants and convertible securities.

2. AUDIT AND NON-AUDIT FEES

The amount of audit fees incurred by the Company and the Group paid to the external auditors for the financial year ended 30 June 2018 amounted to RM50,000.00 and RM174,500.00 respectively. The amount of non-audit fees incurred by the Company/Group paid to the external auditors for the financial year ended 30 June 2018 amounted to RM10,000.00.

3. MATERIAL CONTRACTS

There was no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Group involving Directors' and major shareholders' interests during the financial year.

Audit & Risk Management Committee Report

A. MEMBERSHIP AND MEETINGS

The Audit & Risk Management Committee ("ARMC") comprises the following members:

Chairman
Dato' Rosli Bin Mohamed Nor — Independent Non-Executive Director

Members
* Krishnan A/L C K Menon — Independent Non-Executive Chairman
** Ong Poay Wah @ Chan Poay Wah — Senior Independent Non-Executive Director

* Fellow of the Institute of Chartered Accountants in England and Wales, Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

** Bachelor of Accountancy with Honours Degree from Universiti Utara Malaysia.

The ARMC held five (5) meetings during the financial year ended 30 June 2018 ("FY 2018") which were attended by all members. The details of the attendance of each member of the ARMC are as follows:

ARMC Members	Attendance
Dato' Rosli Bin Mohamed Nor	5/5
Krishnan A/L C K Menon	5/5
Ong Poay Wah @ Chan Poay Wah	5/5

The ARMC meets at least once in every quarter. The Executive Directors, Senior General Manager (Finance), External Auditors and Internal Auditors also attended the meetings by invitation to express their views on matters under consideration by the ARMC, or which, in their opinion, should be brought to the attention of the ARMC. The Chairman of the ARMC briefs the Board on matters discussed at every ARMC meeting.

B. SUMMARY OF WORK PERFORMED BY THE ARMC

The objective of ARMC is to assist the Board in fulfilling its statutory and fiduciary responsibilities towards maintaining adequate and effective risk management and internal control system. In furtherance of its oversight responsibilities, the ARMC has continued to review and report to the Board on the Group's financial reporting, internal control and risk management processes and the performance and independence of the External Auditors during the financial year. Principal works performed by the ARMC in discharging its duties and responsibilities during FY 2018 were as follows:

External Audit

(a) Reviewed the audit findings on the statutory audit for FY 2018 prepared by the External Auditors.
(b) Evaluated the suitability of the External Auditors taking into consideration amongst others, their independence, performance, competency, audit quality, adequacy of resources, communication and interaction and provision of non-audit services and made recommendation to the Board on their reappointment.
(c) Reviewed the audit plan for FY 2018, covering the audit engagement team, materiality, audit scope, independence, audit focus areas and audit timetable prepared by the External Auditors to ensure their scope is adequate and to confirm their independence and objectivity.
(d) Reviewed the fees of the External Auditors.

B. SUMMARY OF WORK PERFORMED BY THE ARMC (Continued)

Financial Reporting

(a) Reviewed the unaudited quarterly financial results of each quarter and the annual audited financial statements of the Group prior to recommending to the Board for their approval and subsequent release to Bursa Malaysia Securities Berhad.
(b) Reviewed the progress of project costs and billings and the adequacy of impairment of trade receivables.
(c) Reviewed the integrity of information in the financial statements and quarterly reports, with particular focuses on changes in accounting policies and practices, significant adjustments resulting from audit, going concern assumption, completeness of disclosures and compliance with accounting standards.
(d) Held a private session with External Auditors without the presence of the Management on 23 August 2017 to discuss issues encountered during the course of the audit and significant matters related to audit plan and strategy.

Internal Audit

(a) Reviewed and approved the annual risk based internal audit plan for the financial year ending 30 June 2019 and 30 June 2020 tabled by the Internal Auditors.
(b) Reviewed the internal audit reports and audit recommendations made by the Internal Auditors and the corresponding corrective actions taken by the Management including the follow up reviews carried out to ensure satisfactory actions have been taken to address previously reported internal audit findings.
(c) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function.

Others

(a) Reviewed the related party transactions that may arise within the Company and the Group.
(b) Reviewed quarterly management reports consist of financial performance review, project progress analysis and ageing analysis.
(c) Reviewed the adequacy and effectiveness of the system of internal control through the results of work performed by the Internal and External Auditors and discussion with key management.
(d) Reviewed the ARMC Report and Statement on Risk Management and Internal Control and recommended to the Board for approval prior to their inclusion in the Annual Report.

C. SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group's internal audit function, which reports directly to the ARMC, is outsourced to Axcelasia Columbus Sdn. Bhd. The Engagement Director is Mr Mah Siew Hoong who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Mr Mah is a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA).

The number of staff deployed for the internal audit reviews is ranging from four (4) to five (5) staff per visit including the Engagement Director. The staff involved in the internal audit reviews possesses professional qualifications and/or a university degree. Certain staff are members of the Institute of Internal Auditors Malaysia. The internal audit staff on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence, and the internal audit reviews were conducted using a risk based approach and were guided by the International Professional Practice Framework.

The major internal audit activities undertaken during the FY 2018 are as follows:

(a) Formulated the annual risk based audit plan which was presented to the ARMC for their review and approval.
(b) Reviewed the resource requirements for audit executions.
(c) Performed internal audit reviews in accordance with the approved annual audit plan.
(d) Reviewed the internal controls system and compliance with established policies and procedures as well as statutory requirements.
(e) Issued internal audit report incorporating audit recommendations and Management response.
(f) Followed up on the implementation of corrective action plans to ensure satisfactory actions have been taken to address previous internal audit findings.
(g) Attended ARMC meetings to table and discuss the audit reports and followed up on matters raised.

C. SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION (Continued)

The summary of business processes reviewed are as follows:

Entity	Business Processes Reviewed
Econpile (M) Sdn. Bhd.	Pre-Construction • Development of Master Work Programme • Project Budget Preparation • Project Initiation (including performance bond submission) • Review of Relevant Policies and Procedures • Mobilisation and Site Possession Project and Business Development • Project Capability Assessment • Bid and Proposal Preparation • Preliminary Project Design • Contract Negotiation and Award • Formalisation of Contracts Procurement of Materials and Services • Pre-qualification and Selections of Vendors • Procurement Planning • Sourcing for Competitive Prices • Purchases Processing to Receiving • Payment Processing • Vendor Performance Evaluation • Procurement Authority Limit Project Tender Cycle • Pre-qualification and Appointment of Contractors • Tender Management • Securing Performance Bonds • Formalising of Contractors • Review of Relevant Policies and Procedures

The results of the audit reviews were discussed with senior management and subsequently, the audit findings, including the recommendations for improvement were presented to the ARMC at their scheduled meeting. In addition, follow up visits were also conducted to ensure that corrective action plans have been implemented in a timely manner and the results of the follow up reviews were also presented to the ARMC at their scheduled meeting.

The ARMC and the Board are satisfied with the performance of the outsourced Internal Auditors. In the interest of greater independence and objectivity, the internal audit function will continue to be outsourced.

The total costs incurred for the outsourcing of the Internal Audit function for FY 2018 was RM52,965.44.

Financial Statements

42 Directors' Report

46 Statements of Financial Position

47 Statements of Profit or Loss and Other Comprehensive Income

48 Consolidated Statement of Changes in Equity

49 Statement of Changes in Equity

50 Statements of Cash Flows

53 Notes to the Financial Statements

95 Statement by Directors

95 Statutory Declaration

96 Independent Auditors' Report

Directors' Report
for the year ended 30 June 2018

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

RESULTS

	Group	Company
	RM'000	RM'000
Profit for the year	87,101	21,836

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, dividends paid by the Company were as follows:

In respect of the financial year ended 30 June 2018:

i) a first interim ordinary dividend of 1.5 sen per ordinary share totalling RM8,025,000 declared on 22 November 2017 and paid on 21 December 2017; and

ii) a second interim ordinary dividend of 1.0 sen per ordinary share totalling RM13,375,000 declared on 23 May 2018 and paid on 26 June 2018.

The Directors do not recommend any final dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

The Cheng Eng*
Pang Sar *
The Kun Ann*
Krishnan A/L CK Menon
Dato' Rosli bin Mohamed Nor
Ong Poay Wah @ Chan Poay Wah

** These Directors are also Directors of the Company's subsidiaries.*

Directors' Report
for the year ended 30 June 2018 (Continued)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.7.2017	Share Split & Bonus Issue #	Sold	At 30.6.2018
Interests in the Company:				
The Cheng Eng				
- own	145,800,005	218,700,013	-	364,500,018
- children*	152,000	228,000	-	380,000
Pang Sar	116,800,005	175,200,007	-	292,000,012
The Kun Ann	100,000	150,000	-	250,000
Krishnan A/L CK Menon	100,000	150,000	-	250,000
Dato' Rosli bin Mohamed Nor	175,000	187,500	(62,500)	300,000
Ong Poay Wah @ Chan Poay Wah	600,000	900,000	-	1,500,000

Pursuant to the share split and bonus issue exercises during the financial year.

* The Kun Hong and The Kun Ee are the children of The Cheng Eng but are not Directors of the Company. In accordance with Section 59 of the Companies Act 2016, the interests and deemed interests of The Kun Hong and The Kun Ee in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall also be treated as the interests of The Cheng Eng.

By virtue of their interests in the shares of the Company, The Cheng Eng and Pang Sar are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Econpile Holdings Berhad has an interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) 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.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company carried out a share split exercise which involves the subdivision of every one (1) existing ordinary share into two (2) new ordinary shares ("Share Split"). The total number of shares in issue increased from 535,000,010 ordinary shares to 1,070,000,020 ordinary shares.

Following that, the Company carried out a bonus issue exercise which involves the issuance of one (1) free new ordinary share for every four (4) ordinary shares held in the Company after the Share Split. Arising from this, the total number of shares in issue increased from 1,070,000,020 ordinary shares to 1,337,500,025 ordinary shares.

There were no other changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

WARRANTS

On 3 January 2018, the Company issued 267,500,005 free warrants to all the entitled shareholders of the Company after the Share Split on the basis of one (1) free warrant for every four (4) ordinary shares held in the Company. The exercise price of the warrants is RM1.25 and its maturity date is on 2 January 2023.

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity sum insured and premium paid for Directors and other officers of the Group were RM10,000,000 and RM18,800, respectively. There were no indemnity and insurance effected for auditors of the Group.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) 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, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2018 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report
for the year ended 30 June 2018 (Continued)

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 19 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

The Cheng Eng

Pang Sar

Kuala Lumpur

Date: 4 October 2018

Statements Of Financial Position
as at 30 June 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Assets					
Property, plant and equipment	3	105,062	98,062	-	-
Investment properties	4	16,605	12,698	-	-
Investments in subsidiaries	5	-	-	94,000	94,000
Other investments	6	#	#	-	-
Other receivables	8	-	-	46,160	-
Total non-current assets		121,667	110,760	140,160	94,000
Other investments	6	2,502	17,383	2,502	17,383
Asset classified as held for sale	7	545	545	-	-
Trade and other receivables	8	500,566	347,370	5	30,661
Prepayments		2,117	1,618	39	29
Cash and cash equivalents	9	24,151	36,437	248	314
Total current assets		529,881	403,353	2,794	48,387
Total assets		651,548	514,113	142,954	142,387
Equity					
Share capital	10	136,006	136,006	136,006	136,006
Deficit in business combination		(87,000)	(87,000)	-	-
Retained earnings		320,646	254,945	6,691	6,255
Equity attributable to owners of the Company		369,652	303,951	142,697	142,261
Liabilities					
Loans and borrowings	11	13,135	12,527	-	-
Employee benefits	12	6,447	6,447	-	-
Deferred tax liabilities	13	8,280	5,906	-	-
Total non-current liabilities		27,862	24,880	-	-
Loans and borrowings	11	51,108	33,387	-	-
Trade and other payables	14	199,360	146,171	131	126
Current tax liabilities		3,566	5,724	126	-
Total current liabilities		254,034	185,282	257	126
Total liabilities		281,896	210,162	257	126
Total equity and liabilities		651,548	514,113	142,954	142,387

# denotes RM 1

The notes on pages 53 to 94 are an integral part of these financial statements.

Statements Of Profit Or Loss And Other Comprehensive Income
for the year ended 30 June 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue	15	728,399	581,910	21,700	25,100
Cost of sales	16	(596,479)	(451,823)	-	-
Gross profit		131,920	130,087	21,700	25,100
Other income		11,101	7,441	618	940
Administrative expenses		(26,655)	(24,907)	(1,403)	(978)
Results from operating activities		116,366	112,621	20,915	25,062
Finance income	17	530	700	1,212	-
Finance costs	18	(2,433)	(1,701)	-	-
Net finance (costs)/income		(1,903)	(1,001)	1,212	-
Profit before tax	19	114,463	111,620	22,127	25,062
Tax expense	20	(27,362)	(30,850)	(291)	-
Profit and total comprehensive income for the year		87,101	80,770	21,836	25,062
Basic earnings per ordinary share (sen)	21	6.5	6.0		

The notes on pages 53 to 94 are an integral part of these financial statements.

Consolidated Statement Of Changes In Equity
for the year ended 30 June 2018

Group	Note	Share capital RM'000	Share premium RM'000	Deficit in business combination RM'000	Retained earnings RM'000	Total equity RM'000
		<-----Non-distributable	*Non-distributable*	*Non-distributable----->*	*Distributable*	
At 1 July 2016		107,000	29,006	(87,000)	198,250	247,256
Profit and total comprehensive income for the year		-	-	-	80,770	80,770
Dividends to owners of theCompany	22	-	-	-	(24,075)	(24,075)
Reclassification from share premium to share capital in accordance with Section 618(2) of the Companies Act 2016		29,006	(29,006)	-	-	-
At 30 June 2017/1 July 2017		136,006	-	(87,000)	254,945	303,951
Profit and total comprehensive income for the year		-	-	-	87,101	87,101
Dividends to owners of the Company	22	-	-	-	(21,400)	(21,400)
At 30 June 2018		136,006	-	(87,000)	320,646	369,652
		Note 10	Note 10			

The notes on pages 53 to 94 are an integral part of these financial statements.

Statement Of Changes In Equity
for the year ended 30 June 2018

Company	Note	*<------Non-distributable------>* Share capital RM'000	Share premium RM'000	*Distributable* Retained earnings RM'000	Total equity RM'000
At 1 July 2016		107,000	29,006	5,268	141,274
Profit and total comprehensive income for the year		-	-	25,062	25,062
Dividends to owners of the Company	22	-	-	(24,075)	(24,075)
Reclassification from share premium to share capital in accordance with Section 618(2) of the Companies Act 2016		29,006	(29,006)	-	-
At 30 June 2017/1 July 2017		136,006	-	6,255	142,261
Profit and total comprehensive income for the year		-	-	21,836	21,836
Dividends to owners of the Company	22	-	-	(21,400)	(21,400)
At 30 June 2018		136,006	-	6,691	142,697
		Note 10	Note 10		

The notes on pages 53 to 94 are an integral part of these financial statements.

Statements Of Cash Flows
for the year ended 30 June 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from operating activities					
Profit before tax		114,463	111,620	22,127	25,062
Adjustments for:					
Depreciation of investment properties		24	29	-	-
Depreciation of property, plant and equipment		29,540	24,529	-	-
Dividend income		-	-	(21,700)	(25,100)
Fair value gain from other investments		(597)	(212)	(597)	(212)
Finance costs		2,433	1,701	-	-
Finance income		(530)	(700)	(1,212)	-
Gain on disposal of other investments		(22)	(728)	(22)	(728)
Gain on disposal of property, plant and equipment		(2,392)	(1,088)	-	-
Gain on disposal of investment properties		-	(8)	-	-
Operating profit/(loss) before working capital changes		142,919	135,143	(1,404)	(978)
Change in employee benefits		-	451	-	-
Change in trade and other receivables and prepayments		(153,695)	(69,834)	(3)	(3)
Change in trade and other payables		49,258	13,572	5	15
Cash generated from/(used in) operations		38,482	79,332	(1,402)	(966)
Interest received		-	-	1,212	-
Tax paid		(27,152)	(26,568)	(165)	-
Tax refunded		6	-	-	-
Net cash from/(used in) operating activities		11,336	52,764	(355)	(966)

The notes on pages 53 to 94 are an integral part of these financial statements.

Statements Of Cash Flows

for the year ended 30 June 2018 (Continued)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from investing activities					
Increase in investments in subsidiaries		-	-	-	(5,000)
Acquisition of property, plant and equipment	(ii)	(24,049)	(30,983)	-	-
Dividends received from a subsidiary		-	-	21,700	25,100
Interest received from fixed deposits		530	700	-	-
Decrease/(Increase) in other investments		15,500	(7,500)	15,500	(7,500)
Proceeds from disposal of property, plant and equipment		3,634	1,132	-	-
Proceeds from disposal of investment properties		-	4,499	-	-
(Increase)/Decrease in advances to subsidiaries		-	-	(15,511)	11,962
Net cash (used in)/from investing activities		(4,385)	(32,152)	21,689	24,562
Cash flows from financing activities					
Change in pledged deposits		-	5,359	-	-
Dividends paid to owners of the Company	22	(21,400)	(24,075)	(21,400)	(24,075)
Net drawdown of bankers' acceptances	11.4	14,538	3,495	-	-
Interest paid on loans and borrowings		(2,433)	(1,701)	-	-
Repayment of bank loan	11.4	(112)	(108)	-	-
Net repayment of finance lease liabilities	11.4	(9,830)	(5,422)	-	-
Net cash used in financing activities		(19,237)	(22,452)	(21,400)	(24,075)
Net decrease in cash and cash equivalents		(12,286)	(1,840)	(66)	(479)
Cash and cash equivalents at 1 July		36,437	38,277	314	793
Cash and cash equivalents at 30 June	(i)	24,151	36,437	248	314

The notes on pages 53 to 94 are an integral part of these financial statements.

Statements Of Cash Flows

for the year ended 30 June 2018 (Continued)

(i) CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances	9	20,748	32,791	248	314
Deposits placed with licensed banks	9	3,403	3,646	-	-
		24,151	36,437	248	314

(ii) ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM37,782,000 (2017: RM48,065,000), of which RM13,733,000 (2017: RM17,082,000) was acquired by means of finance leases.

The notes on pages 53 to 94 are an integral part of these financial statements.

Notes To The Financial Statements

Econpile Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
Level 8, Tower Block, Plaza Dwitasik
Jalan Sri Permaisuri, Bandar Sri Permaisuri
56000 Kuala Lumpur

Registered office
Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 30 June 2018 do not include other entities.

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 4 October 2018.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and 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.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

1. BASIS OF PREPARATION (Continued)

(a) Statement of compliance (Continued)

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment and Settlement*
- Amendments to MFRS 123*, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 July 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for IC Interpretation 22, Amendments to MFRS 1, Amendments to MFRS 2, Amendments to MFRS 4, and Amendments to MFRS 128 which are not applicable to the Group and the Company, and

- from the annual period beginning on 1 July 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019, except for Amendments to MFRS 11 and Amendments to MFRS 128 which are not applicable to the Group and the Company.

The Group does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group.

The initial application of the applicable accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(i) *MFRS 15, Revenue from Contracts with Customers*

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

Notes To The Financial Statements (Continued)

1. BASIS OF PREPARATION (Continued)

(a) Statement of compliance (Continued)

(i) *MFRS 15, Revenue from Contracts with Customers* (Continued)

Currently, the Group recognises revenue when the outcome of construction contract can be estimated reliably by reference to the stage of completion of the contracts. Upon adoption of MFRS 15, the Group will recognise revenue when (or as) a performance obligation is satisfied and a customer obtains control of the goods or services. Specifically, MFRS 15 introduces a 5-step approach to revenue recognition:-

Step 1: Identify the contract with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The principle activities of the Group entities are mainly general construction and piling works.

Each sale transaction consists of a single performance obligation to perform general construction and piling works which are not separately identifiable from other performance obligation in a contract, thus no complicated allocation of transaction price is required.

Transaction price is derived from sales consideration received from the customer, less any trade discounts and incentives. As the Group does not provide a right of return to the customers, determination of transaction prices is straightforward.

The Group does not anticipate difference in the timing of revenue recognition upon adoption of MFRS 15 as the Group recognises revenue over time using the input method as performance obligations are satisfied over time.

Based on the overall assessment, the Group does not expect the initial application of MFRS 15 to have any significant impact to the financial statements of the Group.

(ii) MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

Classification and measurement

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The new standard contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

Impairment

MFRS 9 replaces the “incurred loss” model in MFRS 139 with an “expected credit loss” (“ECL”) model. The new impairment model applies financial assets measured at amortised cost, contract assets and debt instruments measured at fair value through other comprehensive income, but not to investment in equity instruments.

The Group has assessed the impact of initial application of MFRS 9 and does not expect any significant impact on accounting of its financial assets.

Notes To The Financial Statements (Continued)

1. BASIS OF PREPARATION (Continued)

(a) Statement of compliance (Continued)

(iii) MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 2(l)(i) - revenue from construction contracts
- Note 8 - individual impairment losses on trade receivables
- Note 26 - contingencies

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

For each business combination, the Group elects whether it measures the 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.

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.

(iii) Acquisitions of entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

(iv) Loss of control

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 surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

(v) Transactions eliminated on consolidation

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

(b) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading or financial assets that are specifically designated into this category upon initial recognition.

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

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method and are subject to review for impairment (see Note 2(i)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

(iii) Financial guarantee contracts

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

Fair values arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

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

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

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

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

(v) Derecognition

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs 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.

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 (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• buildings	50 years
• plant and machinery	5 years
• piling and site equipment	5 years
• office equipment	5 years
• furniture and fittings	5 years
• motor vehicles	5 years
• renovation	5 years

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

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(e) Investment property

Investment property carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land, freehold buildings and leasehold buildings which in substance are finance leases held for a currently undetermined future use. Investment properties initially and subsequently measured at cost less any accumulated depreciation are accounted for similarly to property, plant and equipment.

The estimated useful lives for the current period is as follow:

Buildings	50 years

Depreciation method, useful lives and residual value are reviewed at the end of the reporting period, and adjusted as appropriate.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of trade and other receivables as amounts due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amounts due to contract customers which is part of trade and other payables in the statement of financial position.

(g) Cash and cash equivalents

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

(h) Non-current asset held for sale

Non-current asset that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale or distribution.

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

Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Subsequent gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

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

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

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment (Continued)

(ii) Other assets

The carrying amounts of other assets (except for amounts due from contract customers) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

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

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial period in which the reversals are recognised.

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares

Ordinary shares are classified as equity.

(k) Employee benefits

(i) Short term employee benefits

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

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

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee benefits (Continued)

(iii) Defined benefit plans

The Group's obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(l) Revenue and other income

(i) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(ii) Rental income

Rental income from investment property and equipment are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Borrowing costs

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.

(n) Income tax

Income tax expense comprises current and deferred tax. Current tax 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.

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is not presented as the Group has no shares or other instruments with potential dilutive effects.

(p) Operating segments

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(r) Fair value measurements

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes To The Financial Statements (Continued)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Piling and site equipment RM'000	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Work-in-progress RM'000	Total RM'000
Cost										
At 1 July 2016	5,000	6,908	147,600	7,379	516	271	10,491	1,460	11,987	191,612
Additions	-	-	36,899	5,235	101	-	1,904	18	3,908	48,065
Disposals	-	-	(556)	-	(3)	-	(1,212)	-	-	(1,771)
Transfers	-	-	11,987	-	-	-	-	-	(11,987)	-
At 30 June 2017/ 1 July 2017	5,000	6,908	195,930	12,614	614	271	11,183	1,478	3,908	237,906
Additions	-	2,480	3,360	235	39	-	591	-	31,077	37,782
Disposals	-	-	(5,093)	-	-	-	(2,016)	-	-	(7,109)
Transfers	-	-	32,448	1,593	-	-	154	-	(34,195)	-
At 30 June 2018	5,000	9,388	226,645	14,442	653	271	9,912	1,478	790	268,579
Depreciation										
At 1 July 2016	-	617	104,351	3,725	228	105	7,421	595	-	117,042
Depreciation for the year	-	145	20,876	1,721	106	54	1,332	295	-	24,529
Disposals	-	-	(555)	-	-	-	(1,172)	-	-	(1,727)
At 30 June 2017/ 1 July 2017	-	762	124,672	5,446	334	159	7,581	890	-	139,844
Depreciation for the year	-	165	25,858	2,074	113	54	981	295	-	29,540
Disposals	-	-	(4,634)	-	-	-	(1,233)	-	-	(5,867)
At 30 June 2018	-	927	145,896	7,520	447	213	7,329	1,185	-	163,517
Carrying amounts										
At 1 July 2016	5,000	6,291	43,249	3,654	288	166	3,070	865	11,987	74,570
At 30 June 2017/ 1 July 2017	5,000	6,146	71,258	7,168	280	112	3,602	588	3,908	98,062
At 30 June 2018	5,000	8,461	80,749	6,922	206	58	2,583	293	790	105,062

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

3.1 Leased plant and machinery and motor vehicles

At 30 June 2018, the carrying amounts of leased plant and machinery and motor vehicles of the Group were RM32,342,950 (2017: RM26,914,000) and RM2,327,190 (2017: RM3,076,000), respectively.

3.2 Security

At 30 June 2018, a commercial property of the Group with a carrying amount of RM6,207,000 (2017: RM6,244,000) and the corporate office of the Group with a carrying amount of RM4,080,000 (2017: RM4,173,000) were pledged as security for bank facilities granted to a subsidiary (see Note 11).

3.3 Capital work-in-progress

At 30 June 2018, the capital work-in-progress was mainly related to down payments made for acquisition of plant and machinery yet to be received from suppliers.

4. INVESTMENT PROPERTIES

	Group RM'000
Cost	
At 1 July 2016	7,015
Addition	11,055
Disposal	(4,554)
Transfer to asset held for sale	(545)
At 30 June 2017/1 July 2017	12,971
Addition	3,931
At 30 June 2018	16,902
Depreciation	
At 1 July 2016	307
Depreciation for the year	29
Disposal	(63)
At 30 June 2017/1 July 2017	273
Depreciation for the year	24
At 30 June 2018	297
Carrying amounts	
At 1 July 2016	6,708
At 30 June 2017/1 July 2017	12,698
At 30 June 2018	16,605

Notes To The Financial Statements (Continued)

4. INVESTMENT PROPERTIES (Continued)

Included in the investment properties are:

	Note	Group 2018 RM'000	Group 2017 RM'000
Freehold land		723	723
Buildings on freehold land		395	406
Buildings on leasehold land		502	514
Work-in-progress	4.1	14,985	11,055
		16,605	12,698

Investment properties comprise freehold land and a number of residential and commercial properties that are leased to a third party or held for capital appreciation purposes.

The following are recognised in profit or loss in respect of investment properties:

	Group 2018 RM'000	Group 2017 RM'000
Rental income	38	36
Direct operating expenses:		
- income generating investment properties	9	10
- non-income generating investment properties	20	24

4.1 Work-in-progress

The amount relates to the acquisition of 1 unit of condominium, 2 units of shop office and 7 units of office suite which are still under construction.

Fair value information

Fair value of investment properties is categorised as follows:

	Group 2018 RM'000	Group 2017 RM'000
Level 3		
Freehold land	2,261	2,860
Buildings	6,177	5,554
	8,438	8,414

Valuation process applied by the Group for Level 3 fair value

The fair value of the freehold land and buildings is estimated by the Directors using the comparison method. The comparison method entails critical analyses of recent evidences of values of comparable properties in the neighbourhood and making adjustment for differences such as differences in location, size and shape of land, age and condition of building, tenure, title restrictions if any and other relevant characteristics.

The fair value of work-in-progress cannot be reliably estimated at the reporting date as it is still under construction.

5. INVESTMENTS IN SUBSIDIARIES

	Company 2018 RM'000	Company 2017 RM'000
Unquoted shares, at cost	94,000	94,000

Details of the subsidiaries are as follows:

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest 2018 %	Effective ownership interest and voting interest 2017 %
Econpile (M) Sdn. Bhd. and its subsidiary:	Malaysia	General construction and piling works	100	100
Platinum Production Sdn. Bhd.	Malaysia	Rental of investment properties and machinery and trading of machinery and related accessories	100	100
Tropical Broadway Sdn. Bhd.	Malaysia	Property development	100	100

6. OTHER INVESTMENTS

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current				
Club membership	#	#	-	-
Current				
Financial assets at fair value through profit or loss: Unit trusts, in Malaysia	2,502	17,383	2,502	17,383
	2,502	17,383	2,502	17,383
Representing items:				
At net realisable value	#	#	-	-
At fair value	2,502	17,383	2,502	17,383
	2,502	17,383	2,502	17,383

# denotes RM1

7. ASSET CLASSIFIED AS HELD FOR SALE

	2018 RM'000	2017 RM'000
Asset classified as held for sale		
Freehold land	545	545

The carrying amount of the freehold land is the same as its carrying amount before it was being reclassified to asset classified as held for sale under current assets.

In 2017, a piece of freehold land was presented as an asset held for sale following the commitment of Tropical Broadway Sdn. Bhd. ("TB"), a wholly owned subsidiary, to inject the land under an agreement with a third party property developer to develop the land into a housing development project. TB will provide the land for development whereas the developer will be responsible to construct and complete the housing development project within two years from the commencement date.

At 30 June 2018, the sale is pending completion as the developer is currently in the midst of obtaining the relevant approvals for the conversion and sub-division of the said land from the appropriate authorities.

8. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current					
Non-trade					
Advances to subsidiaries	8.1	-	-	46,160	-
Current					
Trade					
Trade receivables	8.2	421,193	307,208	-	-
Less: Individual impairment losses		(2,806)	(3,665)	-	-
		418,387	303,543	-	-
Amount due from contract customers	8.3	79,433	40,924	-	-
		497,820	344,467	-	-
Non-trade					
Other receivables		582	776	-	-
Deposits		2,164	2,127	5	12
Advances to subsidiaries	8.1	-	-	-	30,649
		2,746	2,903	5	30,661
		500,566	347,370	46,165	30,661

8.1 Advances to subsidiaries

The advances to subsidiaries is unsecured, subject to interest at 4.07% (2017: Nil) per annum and repayable on demand.

The management had reviewed the expected repayment from the subsidiaries and hence had reclassified the advances to subsidiaries as non-current during the financial year.

8. TRADE AND OTHER RECEIVABLES (Continued)

8.2 Trade receivables

Included in trade receivables of the Group at 30 June 2018 are retention sums of RM134,659,000 (2017: RM98,629,000) relating to construction projects. Retention sums are unsecured, interest free and are expected to be collected within the normal operating cycle.

8.3 Construction work-in-progress

	Note	2018 RM'000	2017 RM'000
Aggregate costs incurred to date		682,996	543,846
Add: Attributable profits		195,530	171,749
		878,526	715,595
Less: Progress billings		(801,752)	(684,484)
		76,774	31,111
Represented by:			
Amount due from contract customers		79,433	40,924
Amount due to contract customers	14	(2,659)	(9,813)
		76,774	31,111

8.4 Estimation uncertainty and critical judgements

The Group makes allowance for impairment losses on receivables based on individual assessment. Whilst management's assessment is guided by past experiences, there may be significant uncertainty about the future recovery of debts.

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	20,748	32,791	248	314
Deposits placed with licensed banks	3,403	3,646	-	-
	24,151	36,437	248	314

Notes To The Financial Statements (Continued)

10. CAPITAL AND RESERVES

10.1 Share capital

Group and Company	Amount 2018 RM'000	Number of shares 2018 '000	Amount 2017 RM'000	Number of shares 2017 '000
Ordinary shares:				
Issued and fully paid:				
As at 1 July	136,006	535,000	107,000	535,000
Reclassification from share premium to share capital in accordance with Section 618(2) of the Companies Act 2016	-	-	29,006	-
Share split (Note 10.2)	-	535,000	-	-
Bonus issue (Note 10.3)	-	267,500	-	-
As at 30 June	136,006	1,337,500	136,006	535,000

Included in share capital is share premium amounting to RM29,006,000 (2017: RM29,006,000) that is available to be utilised in accordance with Section 618(3) of the Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74 of the Companies Act 2016).

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

10.2 Share split

On 28 December 2017, the Company carried out a share split exercise which involves the subdivision of every one (1) existing ordinary share into two (2) new ordinary shares ("Share Split"). The total number of shares in issue increased from 535,000,010 ordinary shares to 1,070,000,020 ordinary shares.

10.3 Bonus issue

On 28 December 2017, the Company carried out a bonus issue exercise which involves the issuance of one (1) free new ordinary share for every four (4) ordinary shares held in the Company after the Share Split. Arising from this, the total number of shares in issue increased from 1,070,000,020 ordinary shares to 1,337,500,025 ordinary shares.

10.4 Warrants

On 5 January 2018, the Company issued 267,500,005 free warrants to all the entitled shareholders of the Company after the Share Split on the basis of one (1) free warrant for every four (4) ordinary shares held in the Company. The exercise price of the warrants is RM1.25 and its maturity date is on 2 January 2023.

11. LOANS AND BORROWINGS

		Group	
	Note	2018 RM'000	2017 RM'000
Non-current			
Bank loan - secured	11.1	2,392	2,507
Finance lease liabilities	11.3	10,743	10,020
		13,135	12,527
Current			
Bank loan - secured	11.1	116	113
Bankers' acceptances - secured	11.2	40,432	25,894
Finance lease liabilities	11.3	10,560	7,380
		51,108	33,387
		64,243	45,914

11.1 Bank loan

The bank loan is secured by way of a first legal charge over the corporate office of the Group (see Note 3).

11.2 Bankers' acceptances

The bankers' acceptances are secured / guaranteed as follows:

	Group	
	2018 RM'000	2017 RM'000
Secured over a commercial property of the Group	6,207	6,244
Guaranteed by the Company	34,225	19,650
	40,432	25,894

Notes To The Financial Statements (Continued)

11. LOANS AND BORROWINGS (Continued)

11.3 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Future minimum lease payments 2018 RM'000	Interest 2018 RM'000	Present value of minimum lease payments 2018 RM'000	Future minimum lease payments 2017 RM'000	Interest 2017 RM'000	Present value of minimum lease payments 2017 RM'000
Less than one year	11,332	(772)	10,560	8,073	(693)	7,380
Between one and five years	11,048	(305)	10,743	10,449	(429)	10,020
	22,380	(1,077)	21,303	18,522	(1,122)	17,400

In the last financial year, there were leased assets with carrying amounts amounting to RM2,162,000 that were jointly guaranteed by certain Directors of the Group.

11.4 Reconciliation of movement of loans and borrowings to cash flows arising from financing activities:-

Group	Finance lease liabilities RM'000	Bank loans RM'000	Bankers' acceptances RM'000
At 1 July 2017	17,400	2,620	25,894
Net drawdown of bankers' acceptances	-	-	14,538
Repayment of bank loan	-	(112)	-
Acquisition of plant & machinery & motor vehicles through finance leases	13,733	-	-
Net repayment of finance lease liabilities	(9,830)	-	-
At 30 June 2018	21,303	2,508	40,432

12. EMPLOYEE BENEFITS

Retirement benefits

	Group 2018 RM'000	Group 2017 RM'000
Defined benefit liability	6,447	6,447

The Group makes contributions to a defined benefit plan that provides pension for two Directors of the Company upon retirement. The plan entitles the two Directors of the Company to receive a lump sum payment equal to the last drawn salary multiplied by the number of years of service of the two Directors.

The defined benefit plan exposes the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

12. EMPLOYEE BENEFITS (Continued)

Contributions

This plan is unfunded of which contributions are expected to be made by a subsidiary based on its future cash flows. The contribution requirements are based on the pension fund's actuarial measurement framework set out in the policies of the plan. The two Directors are not required to contribute to the plan. During the year, the two Directors have voluntarily ceased the contributions to their retirement benefits effective 1 July 2017. The defined benefits liability will remain in the statement of financial position until settlement occurs.

Defined benefit obligation

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period:

	Group	
	2018	2017
	RM'000	RM'000
Discount rate	N/A	5.2%
Future salary growth	N/A	8.0%

Assumptions regarding future mortality are based on the Malaysian Ordinary Life Table 1999 - 2003.

At 30 June 2018, the weighted-average duration of the defined benefit obligation was 5 years (2017: 6 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Group	
	Defined benefit obligation	
	Increase	Decrease
	RM'000	RM'000
2018		
Discount rate (1% movement)	N/A	N/A
Future salary growth (1% movement)	N/A	N/A
2017		
Discount rate (1% movement)	(342)	380
Future salary growth (1% movement)	429	(394)

Although the analysis does not account for the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Notes To The Financial Statements (Continued)

13. DEFERRED TAX LIABILITIES

Recognised deferred tax (assets)/liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group	
	2018	2017
	RM'000	RM'000
Property, plant and equipment	10,500	8,333
Provisions	(2,220)	(2,427)
	8,280	5,906

Movement in temporary differences during the year

Group	At 1.7.2016 RM'000	Recognised in profit or loss RM'000 (Note 20)	At 30.6.2017/ 1.7.2017 RM'000	Recognised in profit or loss RM'000 (Note 20)	At 30.6.2018 RM'000
Property, plant and equipment	7,321	1,012	8,333	2,167	10,500
Provisions	(2,505)	78	(2,427)	207	(2,220)
	4,816	1,090	5,906	2,374	8,280

14. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Trade					
Trade payables		167,794	117,691	-	-
Amount due to contract customers	8.3	2,659	9,813	-	-
		170,453	127,504	-	-
Non-trade					
Other payables	14.1	19,879	13,265	-	-
Accrued expenses		9,028	5,402	131	126
		28,907	18,667	131	126
		199,360	146,171	131	126

14.1 Other payables

Included in other payables is amount due to certain contract customers for acquisition of investment properties of RM14,985,000 (2017: RM11,055,000) (See Note 4).

15. REVENUE

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue from construction contracts	728,399	581,910	-	-
Dividend income	-	-	21,700	25,100
	728,399	581,910	21,700	25,100

16. COST OF SALES

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Construction costs	596,479	451,823	-	-

17. FINANCE INCOME

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
- deposits placed with licensed banks	530	700	-	-
- advances to subsidiaries	-	-	1,212	-
	530	700	1,212	-

18. FINANCE COSTS

	Group 2018 RM'000	Group 2017 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- bank loan	122	125
- bankers' acceptances	1,290	1,063
- finance lease liabilities	1,021	513
	2,433	1,701

Notes To The Financial Statements (Continued)

19. PROFIT BEFORE TAX

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived after charging:				
Auditors' remuneration:				
- Audit fees	175	175	50	50
- Non-audit fees	10	15	10	15
Depreciation of investment properties	24	29	-	-
Depreciation of property, plant and equipment	29,540	24,529	-	-
Impairment loss on trade receivables	220	1,919	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	3,294	2,983	35	36
- Expenses related to defined benefit plan	-	542	-	-
- Wages, salaries and others	39,869	36,558	278	278
Rental expense in respect of:				
- Equipment and machinery	14,788	10,823	-	-
- Properties	513	579	-	-
and after crediting:				
Dividend income from a subsidiary	-	-	21,700	25,100
Fair value gain from other investments	597	212	597	212
Gain on disposal of other investments	22	728	22	728
Gain on disposal of property, plant and equipment	2,392	1,089	-	-
Gain on disposal of investment properties	-	8	-	-
Rental income from:				
- Machinery	5,896	3,900	-	-
- Investment properties	38	36	-	-
Reversal of impairment loss on trade receivables	1,079	2,088	-	-

20. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Current year	27,539	29,642	291	-
(Over)/Under provision in prior year	(2,551)	118	-	-
Total current tax recognised in profit or loss	24,988	29,760	291	-
Deferred tax expense				
Origination and reversal of temporary differences	1,932	3,015	-	-
Under/(Over) provision in prior year	442	(1,925)	-	-
Total deferred tax recognised in profit or loss (Note 13)	2,374	1,090	-	-
Total income tax expense	27,362	30,850	291	-
Reconciliation of tax expense				
Profit before tax	114,463	111,620	22,127	25,062
Income tax using Malaysian tax rate of 24%	27,471	26,789	5,310	6,015
Non-deductible expenses	2,761	4,990	337	235
Tax exempt income	(761)	(226)	(5,356)	(6,250)
Tax effect on unrealised gain	-	1,104	-	-
Over provision in prior year	(2,109)	(1,807)	-	-
	27,362	30,850	291	-

21. BASIC EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share at 30 June 2018 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2018	2017
		Restated
Profit attributable to ordinary shareholders (RM'000)	87,101	80,770
Weighted average number of ordinary shares ('000)		
Issued ordinary shares at 1 July	535,000	535,000
Effect of share split (Note 10.2)	535,000	535,000
Effect of bonus issue (Note 10.3)	267,500	267,500
Weighted average number of ordinary shares at 30 June (basic)	1,337,500	1,337,500

Notes To The Financial Statements (Continued)

21. BASIC EARNINGS PER ORDINARY SHARE (Continued)

Basic earnings per ordinary share (sen)	6.5	6.0

The previous year's basic earnings per ordinary share has been restated to reflect the effect of the share split and bonus issue during the current financial year.

Diluted earnings per ordinary share

The Group has no dilution in their earnings per ordinary share as the warrants issued during the year are anti-dilutive, where conversion of the warrants to ordinary shares would have decreased the earnings per ordinary share.

22. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2018			
First interim 2018 ordinary	1.5	8,025	21 December 2017
Second interim 2018 ordinary	1.0	13,375	26 June 2018
Total amount		21,400	
2017			
First interim 2017 ordinary	1.5	8,025	21 December 2016
Second interim 2017 ordinary	3.0	16,050	22 June 2017
Total amount		24,075	

The Directors do not recommend any final dividend to be paid for the financial year under review.

23. SEGMENT REPORTING

The Group is predominantly involved in general construction and piling works, which is the only reportable segment. Other non-reportable segments comprise investment holding and operations related to rental of investment properties and machinery, trading of machinery and related accessories. All the Group's operations are carried out in Malaysia.

The Chief Executive Officer of the Group (the chief operating decision maker) reviews internal management reports at least on a monthly basis.

Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Chief Executive Officer of the Group. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within this industry.

23. SEGMENT REPORTING (Continued)

Segment assets and liabilities

Segment assets and liabilities information is neither included in the internal management reports nor provided regularly to the Chief Executive Officer of the Company. Hence, no disclosure is made on segment assets and liabilities.

Segment capital expenditure

Segment capital expenditure is the total costs incurred during the financial year to acquire property, plant and equipment.

	Group	
	2018 RM'000	2017 RM'000
Total additions to property, plant and equipment	37,782	48,065
Segment profit	87,101	80,770
Included in the measure of segment profit are:		
Revenue from external customers	728,399	581,910
Depreciation of property, plant and equipment and investment properties	(29,564)	(24,558)
Not included in the measure of segment profit but provided to Chief Executive Officer:		
Net finance costs	(1,903)	(1,001)
Reconciliation of reportable segment revenue, profit and other material items:-		
Net finance costs		
Finance income	530	700
Finance costs	(2,433)	(1,701)
Consolidated net finance costs	(1,903)	(1,001)

No reconciliation is performed for reportable segment revenue, profit and depreciation and amortisation to consolidated figures as there are no differences.

24. FINANCIAL INSTRUMENTS

24.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL"):
  - Held for trading ("HFT"); and
(c) Financial liabilities measured at amortised cost ("FL").

Notes To The Financial Statements (Continued)

24. FINANCIAL INSTRUMENTS (Continued)

24.1 Categories of financial instruments (Continued)

	Carrying amount RM'000	L&R/(FL) RM'000	FVTPL-HFT RM'000
2018			
Financial assets			
Group			
Unit trusts	2,502	-	2,502
Trade and other receivables	500,566	500,566	-
Cash and cash equivalents	24,151	24,151	-
	527,219	524,717	2,502
Company			
Unit trusts	2,502	-	2,502
Trade and other receivables	46,165	46,165	-
Cash and cash equivalents	248	248	-
	48,915	46,413	2,502
2017			
Financial assets			
Group			
Unit trusts	17,383	-	17,383
Trade and other receivables	347,370	347,370	-
Cash and cash equivalents	36,437	36,437	-
	401,190	383,807	17,383
Company			
Unit trusts	17,383	-	17,383
Trade and other receivables	30,661	30,661	-
Cash and cash equivalents	314	314	-
	48,358	30,975	17,383
2018			
Financial liabilities			
Group			
Loans and borrowings	(64,243)	(64,243)	-
Trade and other payables #	(196,701)	(196,701)	-
	(260,944)	(260,944)	-
Company			
Trade and other payables #	(131)	(131)	-
2017			
Financial liabilities			
Group			
Loans and borrowings	(45,914)	(45,914)	-
Trade and other payables #	(136,358)	(136,358)	-
	(182,272)	(182,272)	-
Company			
Trade and other payables #	(126)	(126)	-

Exclude amount due to contract customers.

24. FINANCIAL INSTRUMENTS (Continued)

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net gains/(losses) on:				
Fair value through profit or loss:				
- Held for trading	618	941	618	941
Loans and receivables	1,389	869	1,212	-
Financial liabilities measured at amortised cost	(2,433)	(1,701)	-	-
	(426)	109	1,830	941

24.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, investment in unit trusts and financial guarantees given to contract customers of construction contracts. The Company's exposure to credit risk arises principally from its investment in unit trusts, advances to subsidiaries and financial guarantees given to banks for credit facilities granted to a subsidiary.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The Group has 16 (2017:16) ongoing projects at various stages of completion as at end of the reporting period. Concentration of credit risk with respect to receivables is limited except for one customer which accounted for 24% (2017: 13%) (including retention sums) of trade receivables as at the end of the reporting period.

The exposure of credit risk for trade receivables as at the end of the current and previous reporting periods by geographic region was solely domestic.

Notes To The Financial Statements (Continued)

24. FINANCIAL INSTRUMENTS (Continued)

24.4 Credit risk (Continued)

Receivables (Continued)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Net RM'000
2018			
Group			
Not past due	299,923	-	299,923
Past due 1 - 60 days	36,607	-	36,607
Past due 61 - 120 days	39,148	-	39,148
Past due more than 120 days	45,515	(2,806)	42,709
	421,193	(2,806)	418,387
2017			
Group			
Not past due	168,258	-	168,258
Past due 1 - 60 days	95,259	-	95,259
Past due 61 - 120 days	11,892	-	11,892
Past due more than 120 days	31,799	(3,665)	28,134
	307,208	(3,665)	303,543

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2018 RM'000	2017 RM'000
At 1 July	3,665	4,442
Impairment loss recognised	220	1,919
Impairment loss reversed	(1,079)	(2,088)
Impairment loss written off	-	(608)
At 30 June	2,806	3,665

No allowance for impairment losses of trade receivables has been made for the remaining past due receivables as the Group monitors the results and repayments of these customers regularly and is confident of the ability of the customers to repay the balances owing.

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

24. FINANCIAL INSTRUMENTS (Continued)

24.4 Credit risk (Continued)

Other investments

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only invested in domestic securities which include unit trust. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet their obligations.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group provides unsecured financial guarantees to contract customers of construction contracts and unsecured financial guarantees to banks and suppliers in respect of banking facilities and credit terms granted to a subsidiary.

The Company provides unsecured financial guarantees to banks and suppliers in respect of banking facilities and credit terms granted to a subsidiary.

The Group and the Company monitors on an ongoing basis the results of the subsidiary and repayment made by the subsidiary.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk of the Group and the Company amounts to RM133,350,000 (2017: RM125,484,000) and RM65,599,000 (2017: RM47,884,000) respectively, as at the end of the reporting period.

As at the end of the reporting period, there was no indication that the Group would default on its obligations under the construction contracts and the subsidiary would default on repayment of its outstanding banking facilities and trade debts.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter-company advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiaries.

Notes To The Financial Statements (Continued)

24. FINANCIAL INSTRUMENTS (Continued)

24.5 Liquidity risk

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

The Group maintains a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2018							
Non-derivative financial liabilities							
Trade and other payables	196,701	-	196,701	196,701	-	-	-
Bank loan - secured	2,508	*	3,529	236	236	945	2,112
Bankers' acceptances - secured	40,432	3.62 – 4.58	40,432	40,432	-	-	-
Finance lease liabilities	21,303	2.15 – 2.95	22,380	11,332	8,925	2,123	-
Financial guarantees	-	-	133,350	133,350	-	-	-
	260,944		396,392	382,051	9,161	3,068	2,112
2017							
Non-derivative financial liabilities							
Trade and other payables	136,358	-	136,358	136,358	-	-	-
Bank loan - secured	2,620	*	3,720	233	233	697	2,557
Bankers' acceptances - secured	25,894	3.50 - 5.08	25,894	25,894	-	-	-
Finance lease liabilities	17,400	3.30 - 6.60	18,522	8,073	6,428	4,021	-
Financial guarantees	-	-	125,484	125,484	-	-	-
	182,272		309,978	296,042	6,661	4,718	2,557

*Represents lenders' cost of funds rate minus a margin of 2.10% per annum.

24. FINANCIAL INSTRUMENTS (Continued)

24.5 Liquidity risk (Continued)

Maturity analysis (Continued)

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 Year RM'000
2018				
Non-derivative financial liabilities				
Trade and other payables	131	-	131	131
Financial guarantee	-	-	65,599	65,599
	131		65,730	65,730
2017				
Non-derivative financial liabilities				
Trade and other payables	126	-	126	126
Financial guarantee	-	-	47,884	47,884
	126		48,010	48,010

24.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows. The Group is not exposed to foreign currency risk as all of its sales and purchases are denominated in RM. The Group is also not exposed to other price risk.

24.6.1 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in unit trusts and short term receivables and payables are not significantly exposed to interest rate risk.

Notes To The Financial Statements (Continued)

24. FINANCIAL INSTRUMENTS (Continued)

24.6 Market risk (Continued)

24.6.1 Interest rate risk (Continued)

Risk management objectives, policies and processes for managing the risk

Interest rate exposure arising from the Group's borrowings is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its debt obligations.

Exposure to interest rate risk

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

	Group	
	2018	2017
	RM'000	RM'000
Fixed rate instruments		
Financial assets	3,403	3,646
Financial liabilities	(61,735)	(43,294)
	(58,332)	(39,648)
Floating rate instruments		
Financial liabilities	(2,508)	(2,620)

	Company	
	2018	2017
	RM'000	RM'000
Fixed rate instruments		
Financial assets	46,160	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

24. FINANCIAL INSTRUMENTS (Continued)

24.6 Market risk (Continued)

24.6.1 Interest rate risk (Continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 30 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group	
	30 bps increase	30 bps decrease
	RM'000	RM'000
2018		
Floating rate instruments	(6)	6
2017		
Floating rate instruments	(6)	6

24.7 Fair value information

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

The carrying amounts of finance lease liabilities also approximate fair values upon discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

24. FINANCIAL INSTRUMENTS (Continued)

24.7 Fair value information (Continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair	Carrying
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	value	amount
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2018										
Financial assets										
Unit trusts	-	2,502	-	2,502	-	-	-	-	2,502	2,502
Financial liabilities										
Bank loan - secured	-	-	-	-	-	-	(2,430)	(2,430)	(2,430)	(2,508)
2017										
Financial assets										
Unit trusts	-	17,383	-	17,383	-	-	-	-	17,383	17,383
Financial liabilities										
Bank loan - secured	-	-	-	-	-	-	(2,583)	(2,583)	(2,583)	(2,620)
Company										
2018										
Financial assets										
Unit trusts	-	2,502	-	2,502	-	-	-	-	2,502	2,502
2017										
Financial assets										
Unit trusts	-	17,383	-	17,383	-	-	-	-	17,383	17,383

24. FINANCIAL INSTRUMENTS (Continued)

24.7 Fair value information (Continued)

Level 2 fair value

Unit trusts

The fair value of unit trusts is determined based on daily net assets value as stipulated in the statements provided by the fund managers of the unit trusts.

Transfers between Level 1 and Level 2 fair values

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

Level 3 fair value

The following table shows the valuation technique used in the determination of fair value within Level 3, as well as the significant unobservable inputs used in the valuation model.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Bank loan	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

Valuation process applied by the Group for Level 3 fair value.

The Group has applied discounted cash flows valuation technique in the determination of fair values within Level 3. The Group Senior General Manager (Finance) has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

25. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants requirements.

The Group has not breached any debt covenants during the current and previous financial years, of which in the event of a breach, the bank may call an event of default.

There was no change in the Group's approach to capital management during the financial year.

26. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Contingent liabilities not considered remote				
Guarantees given to contract customers in relation to construction contracts	67,751	77,600	-	-
Guarantees given to banks for facilities granted to a subsidiary	40,432	25,894	40,432	25,894
Guarantees given to suppliers for credit terms granted to a subsidiary	25,167	21,990	25,167	21,990
	133,350	125,484	65,599	47,884

Litigation

In June 2015, a subsidiary of the Group, Econpile (M) Sdn. Bhd. ("EMSB") filed a litigation against a customer for default in payment and wrongful termination, and therefore served a Notice of Adjudication in accordance with the Construction Industry Payment and Adjudication Act 2012 against the customer. In September 2015, the customer served a Notice of Demand on EMSB for alleged liquidated and ascertained damages and loss of profit resulting from the non-performance of the contract, and thereafter served EMSB a Notice of Arbitration.

In October 2015, the adjudication deemed the customer liable to pay EMSB its certified claim amounting to RM1,805,867, which was received by EMSB in July 2016 together with interest and costs. The customer was unsatisfied with the decision and had filed an appeal to the Federal Court on 3 July 2017. The Federal Court has yet to fix the hearing date for the appeal. In the event the Federal Court reversed the decision, EMSB will have to refund the sum received. Solicitor is of the opinion that it is unlikely that the Federal Court would reverse the decision.

After receiving the sum of RM1,805,867, EMSB continue to pursue its claim from the customer the remaining outstanding balance of RM4,006,665 for two uncertified claims through arbitration. The customer has terminated their solicitor at the last minutes and the arbitration hearing has proceeded on an ex-parte basis. The solicitor is now awaiting the arbitration decision. Solicitor is of the opinion that EMSB would succeed in their arbitration however they are unable to confirm the quantum which may be allowed.

27. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors and certain members of senior management of the Group.

The Group has related party relationship with its significant investors, subsidiaries and key management personnel.

27. RELATED PARTIES (Continued)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Note 8.

	Transaction amounts for the year ended 30 June			
	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
A. Subsidiary				
Dividend income	-	-	(21,700)	(25,100)
B. Key management personnel				
Directors				
- Fees	178	152	178	152
- Remuneration	4,899	4,828	321	312
- Other short-term employee benefits	22	26	22	26
Total short-term employee benefits	5,099	5,006	521	490
Post-employment benefits	-	542	-	-
	5,099	5,548	521	490

The estimated monetary value of Directors' benefit-in-kind of the Group is RM88,000 (2017: RM88,000).

Other key management personnel				
- Remuneration	1,495	1,461	-	-

28. COMPARATIVES

Certain comparatives have been restated to conform with the current year presentation.

Statement By Directors

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 46 to 94 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 of 30 June 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

The Cheng Eng
Director

Pang Sar
Director

Kuala Lumpur,

Date: 4 October 2018

Statutory declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Bin Lay Thiam**, the officer primarily responsible for the financial management of Econpile Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 46 to 94 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Bin Lay Thiam, NRIC: 700509-10-5989, MIA CA 20452, in Kuala Lumpur in the Federal Territory on 4 October 2018.

Bin Lay Thiam

Before me:

Independent Auditors' Report

To The Members Of Econpile Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Econpile Holdings Berhad, which comprise the statements of financial position as at 30 June 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 46 to 94.

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 2018, and of their financial performance and their 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 auditors' 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' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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.

i) **Accounting for construction contracts**

Refer to Note 2(l)(i) – Significant accounting policy: Revenue and other income – Construction contracts, Note 8 – Trade and other receivables and Note 15 – Revenue.

The key audit matter

Accounting for construction contracts is a key audit matter due to significant judgements involved in estimating the costs to complete the projects. Revenue from fixed price construction contracts is recognised based on the proportion that contract costs incurred for the work performed to date bear to the estimated total contract costs while the cost of sales is recognised as an expense in profit or loss in the accounting periods in which the work is performed.

Profit recognition on contracts involves judgements in preparing estimates of the forecast costs on contracts. A change in the estimated profit on contracts could result in a material variance in the amount of profit or loss recognised to date and in the current period.

KEY AUDIT MATTERS (Continued)

i) Accounting for construction contracts (Continued)

The key audit matter (Continued)

The profit recognition on contracts includes key judgements over the expected recovery of costs arising from variations and claims. The potential outcome for contracts can have an individually and collectively material impact on the financial statements, whether through error or management bias. As the status of contracts are updated on a regular basis, management is required to exercise a high level of judgement when assessing contract variations, which would impact the forecast profits on contracts. The key judgements over the expected recovery of costs for a contract arise from the following:

- Variations to the contract requested by the customer;
- Claims made against the customer for delays or other additional costs for which the customer is liable;
- Liquidated and ascertained damages;
- Completeness, existence and accuracy of the forecast costs to complete the contract; and
- The ability to deliver the contract within the contractual timelines.

The impact of changes in the judgements and the related estimates, as contracts progress, can result in significant adjustments to project profit.

How the matter was addressed in our audit

We use a variety of quantitative and qualitative factors to select contracts according to their size, inherent risks or the complexity of contract accounting estimates for detailed testing. Our audit procedures include, among others:

- Assessing whether the amounts recognised in the financial statements were in line with the Group's accounting policy and relevant accounting standards;

- Assessing the design and implementation of key controls over the recognition of contract revenue, margin, and related receivables and payables, to determine whether these controls are operating effectively throughout the year;

- Inspecting contracts selected and challenging the Group's estimates on both current and future financial performance based on the historical performance of the Group and industry knowledge;

- Challenging the Group's key assumptions inherent in the forecast costs to complete, that drive the accounting under the percentage of completion method, including the following procedures, among others:

    - Testing the existence and valuation of claims and variations both within the contract revenue and contract costs via inspection of correspondence with customers;
    - Assessing the Group's estimate on the forecast cost to complete and timing to complete existing projects through corroborative discussion with finance and operational units;
    - Assessing the Group's ability to deliver the contracts within the contracted timelines and identify if there is any exposure to liquidated and ascertained damages arising from late delivery of contract works; and
    - Inspecting performance of projects subsequent to the end of the reporting period to support year end judgements.

ii) Valuation of trade receivables

Refer to Note 2(i)(i) - Significant accounting policy: Impairment – financial assets, Note 8 – Trade and other receivables and Note 24.4 – Financial Instruments – Credit risk – Receivables.

The key audit matter

The Group has RM45,515,000 of trade receivables past due more than 120 days. The collectibility of the Group's trade receivables and retention sums and the allowance for impairment loss of trade receivables is a key audit matter due to the high level of judgement required to evaluate the recoverable amount of the trade receivables and retention sums.

KEY AUDIT MATTERS (Continued)

ii) Valuation of trade receivables (Continued)

How the matter was addressed in our audit

Our audit procedures included, among others:

- Testing the accuracy of the underlying information of the account receivables ageing used to assess the adequacy of impairment loss of trade receivables;
- Challenging the Group's basis and assessment in determining whether there exist an objective evidence of impairment loss of trade receivables and assessing customers' past payment trend by checking to payment receipts;
- Checking the subsequent receipt against trade receivables and investigating the significant individual overdue balances by reference to track record of recoveries and review of correspondence with the customers;
- Assessing the historical accuracy of allowance for impairment loss of trade receivables made by the Group; and
- Inspecting the retention sums and corroborate the value of the retention sums to customer correspondences and the original contracts. For all retention sums that are due, we will review the status of the projects and form a conclusion on the recoverability of the retention sums in light of the evidence presented by management.

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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, 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 ability of the Group and of the Company 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.

Independent Auditors' Report

To The Members Of Econpile Holdings Berhad (Continued)

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 internal control of the Group and of the Company.

- 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 Director's 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 ability of the Group or of the Company 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 gives a true and fair view.

- 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 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report

To The Members Of Econpile Holdings Berhad (Continued)

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 content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chan Chee Keong
Approval Number: 03175/04/2019 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 4 October 2018

Analysis of Shareholdings

AS AT 28 SEPTEMBER 2018

Total Number of Issued Shares	:	1,337,500,025
Class of Shares	:	Ordinary Shares
Voting Right	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Total Shareholdings	%
Less than 100 shares	71	2,651	0.000
100 to 1,000 shares	443	295,394	0.022
1,001 to 10,000 shares	2,521	14,082,755	1.053
10,001 to 100,000 shares	1,775	56,653,625	4.236
100,001 to less than 5% of issued shares	412	736,215,570	55.044
5% and above of issued shares	2	530,250,030	39.645
Total	**5,224**	**1,337,500,025**	**100.000**

SUBSTANTIAL SHAREHOLDERS

According to the register to be kept under Section 144 of the Companies Act 2016, the following are the substantial shareholders of the Company:

	Direct Interest		Indirect Interest	
Shareholders	No. of Shares	%	No. of Shares	%
The Cheng Eng	364,500,018	27.25	380,000*	0.03
Pang Sar	292,000,012	21.83	-	-

Notes:-

* Deemed interest by virtue of his child's direct interest pursuant to Section 59 of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Directors	No. of Shares	%	No. of Shares	%
The Cheng Eng	364,500,018	27.25	380,000*	0.03
Pang Sar	292,000,012	21.83	-	-
The Kun Ann	250,000	0.02	-	-
Krishnan A/L C K Menon	250,000	0.02	-	-
Dato' Rosli Bin Mohamed Nor	275,000	0.02	-	-
Ong Poay Wah @ Chan Poay Wah	1,500,000	0.11	-	-

Notes:-

* Deemed interest by virtue of his child's direct interest pursuant to Section 59 of the Companies Act 2016.

Analysis of Shareholdings

AS AT 28 SEPTEMBER 2018 (Continued)

LIST OF 30 LARGEST SHAREHOLDERS AS AT 28 SEPTEMBER 2018

NO.	NAME	HOLDINGS	%
1	THE CHENG ENG	339,500,018	25.383
2	PANG SAR	190,750,012	14.262
3	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG SAR	56,250,000	4.206
4	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL	45,000,000	3.364
5	LEMBAGA TABUNG HAJI	27,169,650	2.031
6	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR PANG SAR (PBCL-0G0505)	26,749,500	2.000
7	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR THE CHENG ENG (PBCL-0G0532)	25,000,000	1.869
8	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	20,593,550	1.540
9	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 9)	19,798,465	1.480
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	14,204,200	1.062
11	AMANAHRAYA TRUSTEES BERHAD PB ISLAMIC SMALLCAP FUND	13,527,000	1.011
12	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	13,417,750	1.003
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)(419455)	13,410,300	1.003
14	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR PANG SAR (MY3010)	13,375,500	1.000
15	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR MANULIFE INVESTMENT SHARIAH PROGRESSFUND	12,356,200	0.924
16	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	11,810,550	0.883
17	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTM ENTS ISLAMIC SMALL-CAP FUND	11,167,500	0.835

Analysis of Shareholdings

AS AT 28 SEPTEMBER 2018 (Continued)

NO.	NAME	HOLDINGS	%
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPG IV SC E)	10,204,650	0.763
19	AMANAH RAYA BERHAD KUMPULAN WANG BERSAMA SYARIAH	9,400,000	0.703
20	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	9,151,300	0.684
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM EASTSPRING) (410140)	9,010,000	0.674
22	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	9,000,000	0.673
23	DB (MALAYSIA) NOMINEE (ASING) SDN BHD STATE STREET LONDON FUND U8T8 FOR PINEBRIDGE ASIA EX JAPAN SMALL CAP EQUITY FUND (PINEBRIDGE GL F)	8,828,800	0.660
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR RHB CAPITAL FUND (200189)	8,719,750	0.652
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	8,689,300	0.650
26	AMANAHRAYA TRUSTEES BERHAD ASN UMBRELLA FOR ASN EQUITY 3	8,409,950	0.629
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	8,190,000	0.612
28	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PARTICIPATING FUND	8,000,000	0.598
29	CARTABAN NOMINEES (TEMPATAN) SDN BHD PBTB FOR TAKAFULINK DANA EKUITI	7,583,750	0.567
30	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	6,999,100	0.523
		966,266,795	72.244

Analysis Of Warrant Holdings

AS AT 28 SEPTEMBER 2018

Total Number of Outstanding Warrant A : 267,500,005 Warrants 2018/2023 ("Warrant A")
Exercise Price of Warrant A : RM1.25
Issue Date of Warrants : 3 January 2018
Expiry Date of Warrants : 2 January 2023

DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	No. of Warrants	%
Less than 100	115	4,538	0.001
100 to 1,000	489	320,417	0.120
1,001 to 10,000	1,073	5,132,680	1.919
10,001 to 100,000	930	38,739,310	14.482
100,001 to less than 5%	246	117,253,050	43.833
5% and above	2	106,050,010	39.645
Total	**2,855**	**267,500,005**	**100.000**

DIRECTORS' WARRANT HOLDINGS

	Direct Interest		Indirect Interest	
Directors	No. of Warrants	%	No. of Warrants	%
The Cheng Eng	72,900,008	27.25	76,000*	0.03
Pang Sar	58,400,002	21.83	-	-
The Kun Ann	50,000	0.02	-	-
Krishnan A/L C K Menon	50,000	0.02	-	-
Dato' Rosli Bin Mohamed Nor	62,500	0.02	-	-
Ong Poay Wah @ Chan Poay Wah	300,000	0.11	-	-

Notes:-
* Deemed interest by virtue of his child's direct interest pursuant to Section 59 of the Companies Act 2016.

Analysis Of Warrant Holdings

AS AT 28 SEPTEMBER 2018 (Continued)

LIST OF 30 LARGEST WARRANT HOLDERS AS AT 28 SEPTEMBER 2018

NO.	NAME	HOLDINGS	%
1	THE CHENG ENG	67,900,008	25.383
2	PANG SAR	38,150,002	14.262
3	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG SAR	11,250,000	4.206
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR PANG SAR (PBCL-0G0505)	8,025,000	3.000
5	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG HAI SAN (8093773)	5,000,000	1.869
6	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR THE CHENG ENG (PBCL-0G0532)	5,000,000	1.869
7	CHIANG SONG KUAI	2,745,300	1.026
8	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	2,712,550	1.014
9	YAP YEE HOCK	2,245,000	0.839
10	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (P)	2,200,650	0.823
11	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW YOON PECK	1,800,000	0.673
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	1,694,100	0.633
13	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PARTICIPATING FUND	1,600,000	0.598
14	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTM ENTS ISLAMIC SMALL-CAP FUND	1,600,000	0.598
15	RHB NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR RHB SECURITIES SINGAPORE PTE. LTD. (A/C CLIENTS)	1,520,000	0.568
16	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSDANA AL-ILHAM	1,405,150	0.525
17	ENG LIAN ENTERPRISE SDN BHD	1,350,000	0.505
18	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM AI LING	1,350,000	0.505

Analysis Of Warrant Holdings

AS AT 28 SEPTEMBER 2018 (Continued)

NO.	NAME	HOLDINGS	%
19	AMANAHRAYA TRUSTEES BERHAD ASN UMBRELLA FOR ASN EQUITY 3	1,291,150	0.483
20	CHEN HEEN CHONG	1,250,000	0.467
21	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (ULIFE)	1,203,400	0.450
22	DB (MALAYSIA) NOMINEE (ASING) SDN BHD STATE STREET LONDON FUND U8T8 FOR PINEBRIDGE ASIA EX JAPAN SMALL CAP EQUITY FUND (PINEBRIDGE GL F)	1,046,900	0.391
23	LEE AH BENG	1,021,100	0.382
24	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR PANG SAR (PB)	975,000	0.364
25	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	917,100	0.343
26	TAN PU YEAN	890,500	0.333
27	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (ULIFE2)	861,900	0.322
28	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEW CHIN YAN (MARGIN)	844,000	0.316
29	LOW BEE LAN	804,200	0.301
30	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHONG CHOON (E-KLG)	800,000	0.299
		169,453,010	63.347

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting ("6th AGM") of the Company will be held at **Banquet Hall, Level 1, Main Lobby, TPC Kuala Lumpur, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur** on **Monday, 26 November 2018** at **10.00 a.m.** for the following purposes:

1. To receive the Audited Financial Statements for the financial year ended 30 June 2018 together with the Reports of the Directors and Auditors thereon. **(Please refer to the Explanatory Notes to the Agenda)**

2. To approve the payment of Directors' Fees of RM194,500 for the financial year ending 30 June 2019. ***(Ordinary Resolution 1)***

3. To approve the payment of Directors' benefits of up to RM100,000 from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company. ***(Ordinary Resolution 2)***

4. To re-elect the following Directors who are retiring in accordance with Article 129 of the Articles of Association, comprising part of the Constitution of the Company ("the Constitution"):

   (a) Dato' Rosli Bin Mohamed Nor ***(Ordinary Resolution 3)***

   (b) Ong Poay Wah @ Chan Poay Wah ***(Ordinary Resolution 4)***

5. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. ***(Ordinary Resolution 5)***

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolution, with or without modification as Ordinary Resolution of the Company:

6. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016**

   "**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and subject to the Constitution of the Company and the approvals of the relevant governmental/ regulatory authorities (if any), the Directors of the Company be and are hereby authorised to allot and issue shares in the Company from time to time, at such price, upon such terms and conditions and for such purposes and to such persons whomsoever 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 (excluding treasury shares) of the Company for the time being AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company 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 unless revoked or varied by an ordinary resolution of the Company at a general meeting." ***(Ordinary Resolution 6)***

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Articles of Association, comprising part of the Constitution of the Company.

Notice Of Annual General Meeting (Continued)

By Order of the Board

LIM HOOI MOOI (MAICSA 0799764)
WONG WAI FOONG (MAICSA 7001358)
SUSIE CHEW WEI WEI (MAICSA 7054172)
Company Secretaries
Kuala Lumpur

26 October 2018

NOTES:

1. *A member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote at his/her stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*

2. *Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.*

3. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

4. *Where a member appoints more than one (1) proxy to attend at the same meeting, the proportion of his/her shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

5. *The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney duly authorised.*

6. *The Form of Proxy must be deposited at the Share Registrar's Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur at least 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*

7. *For the purposes of determining who shall be entitled to attend, speak and vote at this meeting, the Company shall be requesting the Record of Depositors as at 15 November 2018. Only a depositor whose name appears on the Record of Depositors as at 15 November 2018 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her stead.*

8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by poll.*

Notice Of Annual General Meeting (Continued)

EXPLANATORY NOTES TO THE AGENDA

(i) ***Item 1 of the Agenda***
<u>To receive the Audited Financial Statements</u>

This item is meant for discussion only. The provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval from the shareholders for the Audited Financial Statements. As such, this Agenda item will not be put for voting.

(ii) ***Ordinary Resolution 1***
<u>Directors' Fees for the financial year ending 30 June 2019</u>

The Directors' Fees proposed for the financial year ending 30 June 2019 are calculated based on the number of scheduled Board and Board Committee meetings and assuming that all Non-Executive Directors will hold office until the next Annual General Meeting. This resolution is to facilitate payment of Directors' Fees on current financial year basis. In the event the Directors' Fees proposed are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

(iii) ***Ordinary Resolution 2***
<u>Directors' Benefits from the date of the forthcoming Annual General Meeting until the next Annual General Meeting</u>

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries, shall be approved at a general meeting.

Directors' benefits include allowances payable to Directors and in determining the estimated amount, the Board has considered various factors including the Board size, number of scheduled meetings for the Board and Board Committee meetings for the period from the date of the forthcoming Annual General Meeting until the next Annual General Meeting. In the event the proposed amount is insufficient, approval will be sought at the next Annual General Meeting for the shortfall.

(iv) ***Ordinary Resolutions 3 and 4***
<u>Re-election of Directors</u>

Dato' Rosli Bin Mohamed Nor and Ms Ong Poay Wah @ Chan Poay Wah are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 6th AGM.

The Board of Directors has through the Nomination Committee carried out the necessary assessment on the aforesaid Directors and concluded that both met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors.

(v) ***Ordinary Resolution 5***
<u>Re-appointment of Auditors</u>

The Board has through the Audit & Risk Management Committee, considered the re-appointment of KPMG PLT as the Auditors of the Company. The factors considered by the Audit & Risk Management Committee in making the recommendation to the Board to table their re-appointment at the 6th AGM are disclosed in the Audit & Risk Management Committee Report of this Annual Report.

(vi) *Ordinary Resolution 6*
__Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016__

This proposed Resolution, if passed, will empower the Directors to allot up to a maximum of 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

This proposed Resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 22 November 2017 and the mandate will lapse at the conclusion of the 6th AGM.

ECONPILE HOLDINGS BERHAD *(1017164-M)*
(Incorporated in Malaysia)

Form of Proxy

No. of ordinary shares held	
CDS Account No.	

*I/*We____ NRIC/ Passport No./ Company No. ____________________________________

[Full name in Block Letters]

of ____

[Full address]

being a *member/members of ECONPILE HOLDINGS BERHAD ("EHB") hereby appoint the following person(s):-

Name of proxy, NRIC No. & Address	No. of shares to be represented by proxy	%
1.		
and/or		
2.		

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Sixth Annual General Meeting ("6th AGM") of EHB to be held at **Banquet Hall, Level 1, Main Lobby, TPC Kuala Lumpur, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur** on **Monday, 26 November 2018** at **10.00 a.m.** and at any adjournment thereof.

	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' Fees for the financial year ending 30 June 2019.		
2.	To approve the payment of Directors' benefits from the date of the forthcoming Annual General Meeting until the next Annual General Meeting.		
3.	To re-elect Dato' Rosli Bin Mohamed Nor as Director.		
4.	To re-elect Ong Poay Wah @ Chan Poay Wah as Director.		
5.	To re-appoint KPMG PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
6.	Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his /her discretion).

Signed this ____________________ day of ________________________ 2018.

____

Signature/Common Seal of Member(s)

Contact Tel:______________________

NOTES:

1. *A member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote at his/her stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
2. *Where a member is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.*
3. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
4. *Where a member appoints more than one (1) proxy to attend at the same meeting, the proportion of his/her shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
5. *The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney duly authorised.*
6. *The Form of Proxy must be deposited at the Share Registrar's Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur at least 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*
7. *For the purposes of determining who shall be entitled to attend, speak and vote at this meeting, the Company shall be requesting the Record of Depositors as at 15 November 2018. Only a depositor whose name appears on the Record of Depositors as at 15 November 2018 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her stead.*
8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by poll.*

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AFFIX
STAMP

THE SHARE REGISTRAR
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD (11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia

Please fold here

ECONPILE HOLDINGS BERHAD
Level 8, Tower Block, Plaza Dwitasik,
Jalan Sri Permaisuri, Bandar Sri Permaisuri,
56000 Kuala Lumpur

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