

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2015 RM'000	CURRENT YEAR TO DATE 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2015 RM'000
Revenue	14	75,639	60,193	142,761	98,005
Cost of sales		(53,382)	(42,658)	(100,396)	(69,655)
Gross profit		22,257	17,535	42,365	28,350
Other operating income		450	121	2,431	290
Other operating expenses		(13,110)	(10,683)	(25,346)	(19,590)
Profit from operations		9,597	6,973	19,450	9,050
Finance costs, net		(243)	173	6	225
Profit before taxation	14	9,354	7,146	19,456	9,275
Income tax expense	18	(1,802)	(1,737)	(3,670)	(2,152)
Profit for the financial period		7,552	5,409	15,786	7,123
Other comprehensive income:					
Foreign currency translation differences		1,572	2,077	1,572	3,390
Total comprehensive income for the financial period		9,124	7,486	17,358	10,513
Profit attributable to:					
Owners of the Company		5,218	3,747	10,657	5,001
Non-controlling interests		2,334	1,662	5,129	2,122
		7,552	5,409	15,786	7,123
Total comprehensive income attributable to:					
Owners of the Company		5,887	4,580	12,178	7,514
Non-controlling interests		3,237	2,906	5,180	2,999
		9,124	7,486	17,358	10,513
Basic earnings per share (sen)	23	2.01	1.46	4.11	2.08

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2016.

The accompanying notes are an integral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016**

	(Unaudited)	(Audited)
	AS AT	AS AT
Note	31/12/2016	30/6/2016
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	11,239	9,953
Investment properties	2,778	2,778
Other investments	2	2
Investment in jointly controlled entity	-	1,123
Intangible assets - others	-	3
Intangible assets - goodwill	28,144	28,144
Deferred tax assets	963	963
	43,126	42,966
CURRENT ASSETS		
Amount owing by jointly controlled entity	-	27
Amount due from associated company	374	325
Inventories	17,594	17,819
Tax recoverable	2,941	2,093
Other receivables	9,715	14,543
Trade receivables	103,133	112,546
Deposits with licensed banks, cash and bank balances	96,354	44,715
	230,111	192,068
TOTAL ASSETS	273,237	235,034
EQUITY AND LIABILITIES		
Equity		
Share capital	79,023	78,443
Treasury shares	(855)	(855)
Reserves	50,768	41,410
Equity attributable to owners of the Company	128,936	118,998
Non-controlling interests	33,988	28,808
Total Equity	162,924	147,806
NON-CURRENT LIABILITIES		
Other payables	3,146	2,682
Provision for end of service benefit	-	347
Long term borrowings	4,704	628
Deferred tax liabilities	167	166
	8,017	3,823
CURRENT LIABILITIES		
Other payables	54,481	34,964
Trade payables	38,791	45,677
Provision for taxation	3,756	2,449
Short term borrowings	5,268	315
	102,296	83,405
TOTAL LIABILITIES	110,313	87,228
TOTAL EQUITY AND LIABILITIES	273,237	235,034
NET ASSETS PER SHARE (SEN)	49.6	46.1

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2016.

The accompanying notes are an integral part of this statement.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

	CURRENT YEAR TO DATE 31/12/2016 RM'000	PREVIOUS YEAR TO DATE 31/12/2015 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	19,456	9,275
Adjustments for:		
Non-cash items	1,204	2,186
Non-operating items	322	(225)
Operating profit before working capital changes	20,982	11,236
Net change in current assets	16,286	(22,078)
Net change in current liabilities	7,688	21,112
Cash generated from operations	44,956	10,270
Interest paid	(322)	(175)
Taxes paid	(3,211)	(935)
Net cash generated from operating activities	41,423	9,160
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in amount owing by jointly controlled entity	(22)	(306)
Net cash outflow from acquisition of subsidiaries	-	(2,589)
Purchase of plant and equipment	(2,288)	(1,155)
Proceeds from disposals of plant and equipment	130	41
Net cash inflow from disposal of investment in jointly controlled entity	816	-
Interest received	328	400
Net cash used in investing activities	(1,036)	(3,609)
CASH FLOWS FOR FINANCING ACTIVITIES		
Drawdown/(repayment) of revolving credit/term loans	9,028	(1,402)
Proceed from exercise of employee share options	667	-
Net cash generated from/(used in) financing activities	9,695	(1,402)
NET INCREASE IN CASH AND CASH EQUIVALENTS	50,082	4,149
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	44,715	53,555
Effects of exchange differences	1,557	3,259
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	96,354	60,963
Cash and cash equivalents comprise:		
Cash and bank balances	51,243	36,922
Deposits with licensed bank	45,111	24,041
	96,354	60,963

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2016.

The accompanying notes are an integral part of this statement.

AWC BERHAD

(Company No. 550098-A)



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

	-----[Non - Distributable]-----					Statutory Reserve	Distributable Retained Profits	Total	Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Treasury Shares	Foreign Exchange Reserves	Revaluation Reserves					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2016										
At 1 July 2016	78,443	10,211	(855)	4,599	2,928	307	23,365	118,998	28,808	147,806
Total comprehensive income for the financial year	-	-	-	1,521	-	-	10,657	12,178	5,180	17,358
Transaction with owners:										
- Exercise of employee share options	580	87	-	-	-	-	-	667	-	667
- Disposal of investment in jointly controlled entity	-	-	-	-	-	(307)	-	(307)	-	(307)
- Dividend	-	-	-	-	-	-	(2,600)	(2,600)	-	(2,600)
At 31 December 2016	79,023	10,298	(855)	6,120	2,928	-	31,422	128,936	33,988	162,924
31 December 2015										
At 1 July 2015	68,604	7,649	(855)	2,863	2,928	307	10,101	91,597	25,365	116,962
Total comprehensive income for the financial year	-	-	-	2,513	-	-	5,001	7,514	2,999	10,513
Contributions by owners of the Company:										
- Shared issued for acquisition of subsidiaries	9,197	2,453	-	-	-	-	-	11,650	-	11,650
At 31 December 2015	77,801	10,102	(855)	5,376	2,928	307	15,102	110,761	28,364	139,125

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2016.

The accompanying notes are an integral part of this statement.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”), MFRS 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2016.

Significant Accounting Policies

No new accounting standards and interpretations (including the consequential amendments) have been adopted by the Group during the current financial period.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the current financial period:

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Shared-based Payment Transactions	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarification of MFRS 15 :Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

1. BASIS OF PREPARATION (CONTINUED)

Significant Accounting Policies (Continued)

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:

- (a) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is currently assessing the financial impact of adopting MFRS 9.
- (b) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impact of MFRS 15 until the Group performs a detailed review.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 30 June 2016 was not subject to any audit qualification.

3. SEASONAL OR CYCLICAL FACTORS

The Group's business was not affected by any significant seasonal or cyclical factors during the current quarter under review.

4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There was no unusual item affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

5. CHANGE IN ESTIMATES

There was no change in estimates of amounts reported in the prior financial year that have a material effect in the current quarter under review.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

6. DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchases, resale and repayment of debt and equity securities during the current quarter under review, except for the issuance of new AWC shares in line with the Group's Employee Share Option Scheme ("ESOS"), as follows:

- i) 1,035,100 ordinary shares of RM0.30 each were issued at an exercise price of 33.6 sen per share; and
- ii) 14,000 ordinary shares of RM0.30 each were issued at an exercise price of 42.3 sen per share.

Options to subscribe for 25,076,400 ordinary shares of RM0.30 each remain unexercised as at 31 December 2016.

The number of treasury shares held as at 31 December 2016 is as follows:-

	No. of shares	Amount RM
Balance of treasury shares as at 1 July 2016	3,326,800	855,221
Add: Purchase of treasury shares during the period under review	-	-
Balance of treasury shares as at 31 December 2016	3,326,800	855,221

7. DIVIDENDS PAID

There was no dividend paid in the current quarter.

8. SEGMENTAL INFORMATION

The segment information for the current period ended 31 December 2016 is as follows:

	Investment Holding RM'000	Facilities Division RM'000	Engineering Division RM'000	Environment Division RM'000	Adjustments and Eliminations RM'000	Total RM'000
Revenue	-	68,421	53,763	33,589	(13,012)	142,761
Segment (loss)/profit	(328)	1,971	5,364	12,449	-	19,456
Segment assets	90,396	99,303	81,549	84,427	(82,438)	273,237

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

9. CARRYING AMOUNT OF REVALUED ASSETS

Not Applicable.

10. SIGNIFICANT AND SUBSEQUENT EVENT

There were no material events subsequent to 31 December 2016 to the date of this report that have not been reflected in the financial statements for the current financial period.

11. CHANGES IN COMPOSITION OF THE GROUP

There was no change in the composition of the Group during the current quarter.

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material contingent liabilities or contingent assets as at the date of this report.

13. COMMITMENTS

There were no material commitments which require disclosure in this report except for the following:

	As at 31 December 2016 RM'000	As at 30 June 2016 RM'000
Non-cancellable operating lease commitments		
Future minimum rentals payable:		
Not later than 1 year	2,164	1,882
Later than 1 year and not later than 2 years	1,426	967
Later than 2 years and not later than 5 years	1,817	924
	<u>5,407</u>	<u>3,773</u>

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14. PERFORMANCE REVIEW BY SEGMENTS

Revenue	Current quarter ended 31 December 2016 RM'000	Current period to-date ended 31 December 2016 RM'000	Preceding year corresponding period ended 31 December 2015 RM'000	Variance for Period-to-date [Favorable / (adverse)] RM'000
Facilities	29,684	58,737	44,196	14,541
Environment	17,216	33,589	28,427	5,162
Engineering	28,738	50,435	25,382	25,053

Segment profit/(loss)	Current quarter ended 31 December 2016 RM'000	Current period to-date ended 31 December 2016 RM'000	Preceding year corresponding period ended 31 December 2015 RM'000	Variance for period-to-date [Favorable / (adverse)] RM'000
Facilities	2,705	4,807	3,215	1,592
Environment	5,528	12,449	5,497	6,952
Engineering	1,706	3,268	1,811	1,457

14.1 Facilities Division

Revenue for Q1/FY17 amounted to RM29.7 mil, compared to RM29.1 mil in Q1/FY16. This minor increase of RM0.6 mil/2% was partly due to additional works undertaken under our Concession contract.

Compared to Q2/FY16 Revenue of RM22.8 mil, revenue increased by RM6.9 mil/30%. This increase YoY was due to the commencement of the maintenance for Hospital Shah Alam Selangor (HSAS) on 1.3.16 and the Concession Renewal effective 1.1.16, as well as commencement of several other contracts in the intervening period.

PBT for Q2/FY17 amounted to RM2.7 mil vs RM2.1 mil in Q1/FY17, a small increase of RM0.6 mil/28%. This small increase in PBT despite revenue remaining fairly consistent was due to a slight improvement in GP margins in this Division in Q2/FY17. This was due certain additional works undertaken under the Concession which were at slightly stronger GP margins compared to normal.

YoY PBT has improved significantly, from RM1.5 mil in Q2/FY16 to RM2.7 mil in Q2/FY17. The increase (of RM1.2 mil/81%) in the profitability for the Facilities Division is in line with the improved revenues reported over the two quarters. The increase in profitability was also due to the securing of the HSAS contract and the Concession Renewal as stated in the paragraph above.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

14. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

14.2 Environment Division

Revenue for Q2/FY17 amounted to RM17.2 mil, compared to RM16.4 mil for Q1/FY17. The progress of projects undertaken remains pretty much consistent with the preceding quarter, having come off slightly against stronger progress achieved in the quarters before that (i.e. Q4/FY16 and before).

On a YoY basis however, revenue has dropped from Q2/FY16 of RM19.4 mil to RM17.2 mil in Q2/FY17, a drop of RM2.2 mil/11%. Revenue in the last two quarters was lower compared to the preceding periods, as good progress was achieved previously as well reaching certain milestones where big ticket items was delivered. Revenue for Q2/FY17 was still healthy as the Env Div delivers on its existing order book. This strong revenue performance for the Division over the last two years has been contributed from all the regions that we operate in, i.e. Malaysia, Singapore and Middle East.

PBT in Q2/FY17 amounted to RM5.5 mil, compared to RM6.9 mil in Q1/FY17. This drop has been largely contributed to the recognition of an amount of approximately RM1.8 mil in bad debt recovered in Q1/FY17. Operationally, profits recognized in Q2/FY17 remained consistent with Q1/FY17.

PBT for Q2/FY17 of RM5.5 mil showed an improvement YoY vs RM4.4 mil in Q2/FY16. The improvement in PBT was largely due to the strong margins earned in certain projects undertaken in Q2/FY17.

14.3 Engineering Division

Revenue for this Division in Q2/FY17 amounted to RM28.7 mil, vs RM21.7 mil in Q1/FY17, a rebound from the dip experienced previously. This QoQ improvement was due to strong revenue earned from our air conditioning business, as good progress was achieved in Q2/FY17. The Xiamen University project is close to completion.

On a YoY basis, revenue in Q2/FY17 of RM28.7 mil has increased significantly from Q2/FY16 of RM18.0 mil. This strong improvement was contributed by our plumbing business as well as from our air-conditioning business, which both showed good progress on projects undertaken compared to the previous year.

The Engineering Division reported a PBT of RM1.7 mil, vs RM1.5 mil in Q2/FY17. The slight improvement in profitability QoQ despite higher percentage increase in revenues reported was due to certain provisions in M&C Engineering and Trading Pte Ltd in Singapore ("MCS"). These provisions are not expected to recur.

PBT for Q2/FY17 amounted to RM1.7 mil, vs RM1.9 million in Q2/FY16. This drop YoY despite the higher revenues reported was due to the lower GP margins earned in Q2/FY17, as well as some provisions made, as stated for MCS in Q2/FY17.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

15. COMMENTARY ON MATERIAL VARIATION IN PROFIT BEFORE TAXATION AGAINST PRECEDING QUARTER

	Current quarter ended 31 December 2016 RM'000	Preceding quarter ended 30 September 2016 RM'000	Variance [Favorable/ (adverse)] RM'000
Profit before taxation	9,354	10,101	(747)

The strong results shown by the Group over the last two financial years continues. On a QoQ basis, PBT in Q2/FY17 has dropped slightly, to RM9.4 mil from RM10.1 mil in Q1/FY17. This drop despite higher revenue reported in Q2/FY17 was due to the recovery of bad debts amounting to RM1.8 mil in Q1/FY17.

16. COMMENTARY ON PROSPECTS

The Group's prospects remain strong. Results for FY15 and especially FY16 have been encouraging. FY16 proved to be a record breaking year for the Group, with highest ever Revenue, PBT, PAT and PATMI reported. We expected the Group's steady financial performance to continue over the current financial year.

We set out below our analysis of prospects by Divisions:

16.1 Facilities Division

The Concession Agreement (CA) for the renewal of the maintenance concession for the Southern Region (Johor, Malacca, Negeri Sembilan) and Sarawak was signed in early March 2016. This contract is for 10 years, from 1.1.16 to 31.12.25. Initial rate p.a. is set at approximately RM52 mil for the first 5 years, with automatic increase to RM59 mil p.a. from year 6 to 10.

In addition, together with the new CA, we also signed a contract to undertake the Critical Asset Refurbishment Programme, or CARP, over the next ten years. Under this contract, we are to undertake the CARP over various locations, and based on predetermined timing/schedules. Under this CARP we are to be paid RM140 mil over ten years (the renewed concession period), equaling approximately RM1.16 mil monthly. These two contracts significantly improve the Group's long term prospects.

Also, we currently undertake certain maintenance contracts in the commercial and healthcare segments where these contracts are generally for two or three year periods. We expect these contracts to contribute positively to our future prospects.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

16. COMMENTARY ON PROSPECTS (CONTINUED)

16.2 Environment Division

The Environment Division has contracts on hand that will tide it over for the next two financial years (FY17 and FY18). Projects where we experienced project delays in the past have caught up over the last two quarters. Prospects remain good for this Division.

We have also recently secured several contracts which will contribute to the Environment Division's performance over the next two financial years.

16.3 Engineering Division

Air conditioning project segment

The projects undertaken here which previously experienced certain delays i.e. in the Xiamen University and in Capital 21 projects have caught up, and are nearing completion. We have also recently secured new contracts in this segment which was earlier announced and are expected to get active soon, which will replace revenues from those projects to be completed soon. The implementation of these new contracts will contribute positively to our financial performance and prospects for this Division.

Plumbing segment

The acquisition of our plumbing (Qudotech Sdn Bhd, "Qudotech") and rainwater harvesting (DD Techniche Sdn Bhd) businesses were completed in early October 2015 (Q2/FY16). Under the terms of the acquisition, the owners of these two companies provide a profit guarantee of RM3.9 mil profit after tax per year for FY2016 and FY2017. The profit guarantee for FY16 was comfortably met.

In addition, and as previously announced, Qudotech has also secured the contract for the plumbing works in the KL118 (Warisan Merdeka) project (RM62 mil), for the MAS building refurbishment and construction (RM19 mil), and most recently for the Signature Tower in the Tun Razak Exchange (TRX). These new contracts (in addition to contracts already on hand) are expected to keep us busy for the next four financial years, until end of 30.6.19 at least.

17. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

18. INCOME TAX EXPENSE

	Current quarter ended 31 December 2016 RM'000	Period to date ended 31 December 2016 RM'000
Income tax expense for the period	(1,802)	(3,670)

The effective tax rate for the Group is lower than the statutory tax rate mainly due to foreign-source income generated from operations in Abu Dhabi, United Arab Emirates, the lower tax rates enjoyed by our Singapore subsidiaries and pioneer status tax incentive enjoyed by certain subsidiaries of the Group.

19. CORPORATE PROPOSALS

There was no corporate proposal announced but not completed as at the latest practicable date.

20. BORROWINGS

	As at 31 December 2016 RM'000	As at 30 June 2016 RM'000
Secured short-term borrowings:		
Term loan	3,852	15
Hire purchase payables	1,416	300
Total short-term borrowings	<u>5,268</u>	<u>315</u>
Secured long-term borrowings:		
Term loan	111	109
Hire purchase payables	4,593	519
Total borrowings	<u>9,972</u>	<u>943</u>

All of the above borrowings are denominated in Ringgit Malaysia.

21. MATERIAL LITIGATION

There is no material litigation which may materially affect the Group for the current quarter under review.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

22. PROPOSED DIVIDEND

The Board of Directors has declared the following dividend in respect of the Financial Year Ending 30 June 2017:-

i.	Type	:	Single Tier Interim Dividend
ii.	Amount	:	1.0 sen per ordinary share
iii.	Entitlement Date	:	17 March 2017
iv.	Payment Date	:	5 April 2017

23. EARNINGS PER SHARE

The basic earnings per ordinary share of the Group is calculated based on the Group's net profit for the period attributable to owners of the Company over the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company as follows:

	Current quarter ended 31 December 2016	Period to date ended 31 December 2016
Profit attributable to owners of the company (RM'000)	5,218	10,657
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	260,083	259,151
Basic earnings per share (sen)	<u>2.01</u>	<u>4.11</u>

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

24. REALISED AND UNREALISED PROFITS

	As at 31 December 2016 RM'000
Total retained profits of the Company and its subsidiaries:	
- Realised	101,012
- Unrealised	796
	<u>101,808</u>
Less: Consolidation adjustments	(70,386)
Total group retained profit as per consolidated accounts	<u>31,422</u>

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

25. ITEMS INCLUDED IN CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit from operations is for the current quarter and period to-date ended 31 December 2016 is stated after charging / (crediting) the following items:

	Current quarter ended 31 December 2016 RM'000	Period to date ended 31 December 2016 RM'000
Interest income	-	(328)
Other (income)/expenses*	(450)	(2,431)
Interest expense	243	322
Depreciation and amortisation	1,456	3,001
(Gain)/loss on disposal of quoted or unquoted investments or properties	(92)	(116)
Foreign exchange (gain)/loss	(5)	(9)

*This includes write back of trade receivables of RM1.8 million recognized in previous accounting periods.

26. AUTHORISATION FOR ISSUE

This interim financial report has been approved by the Board of Directors of the Company for issuance on 25 February 2017.