

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 30 JUNE 2019**

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|-----------|--|--|--|--|
| | | CURRENT PERIOD QUARTER 30/06/2019 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30/06/2018 RM'000 | CURRENT YEAR TO DATE 30/06/2019 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30/06/2018 RM'000 |
| Revenue | 14 | 79,760 | 94,155 | 323,055 | 303,964 |
| Cost of sales | | (60,500) | (72,544) | (231,097) | (224,405) |
| Gross profit | | 19,260 | 21,611 | 91,958 | 79,559 |
| Other operating income | | 1,531 | 1,404 | 2,552 | 3,114 |
| Other operating expenses | | (18,167) | (16,762) | (58,346) | (50,591) |
| Profit from operations | | 2,624 | 6,253 | 36,164 | 32,082 |
| Finance income/(costs), net | | 159 | 940 | (256) | 1,362 |
| Share of profit of associates | | 182 | - | 182 | - |
| Profit before taxation | 14 | 2,965 | 7,193 | 36,089 | 33,444 |
| Taxation | 18 | (1,811) | (1,003) | (8,859) | (6,961) |
| Profit after taxation for the financial year | | 1,154 | 6,190 | 27,230 | 26,483 |
| Other comprehensive income: | | | | | |
| Foreign currency translation differences | | (1,916) | 150 | (553) | 861 |
| Total comprehensive income for the financial year | | (762) | 6,340 | 26,677 | 27,344 |
| Profit attributable to: | | | | | |
| Owners of the Company | | 38 | 4,397 | 20,045 | 21,376 |
| Non-controlling interests | | 1,116 | 1,793 | 7,185 | 5,107 |
| | | 1,154 | 6,190 | 27,230 | 26,483 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | 217 | 4,433 | 20,823 | 19,962 |
| Non-controlling interests | | (979) | 1,907 | 5,854 | 7,382 |
| | | (762) | 6,340 | 26,677 | 27,344 |
| Basic earnings per share (sen) | 23 | 0.01 | 1.63 | 7.08 | 7.99 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2018.

The accompanying notes are an integral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE FOURTH QUARTER ENDED 30 JUNE 2019**

| | Note | (Unaudited) | (Audited) |
|--|------|-------------------------------|------------------------------|
| | | AS AT 30/06/2019 RM'000 | AS AT 30/6/2018 RM'000 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 17,009 | 15,477 |
| Investment properties | | 4,590 | 4,510 |
| Investment in an associate | | 182 | - |
| Intangible assets - others | | 4,000 | - |
| Intangible assets - goodwill | | 55,462 | 28,144 |
| Deferred tax assets | | 3,598 | 3,355 |
| | | 84,841 | 51,486 |
| CURRENT ASSETS | | | |
| Inventories | | 22,084 | 18,856 |
| Tax recoverable | | 3,201 | 2,256 |
| Other receivables | | 15,815 | 9,702 |
| Trade receivables | | 118,929 | 82,205 |
| Due from customer on contracts | | 56,333 | 54,556 |
| Deposits with licensed banks, cash and bank balances | | 78,262 | 57,048 |
| | | 294,624 | 224,623 |
| TOTAL ASSETS | | 379,465 | 276,109 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 114,029 | 94,841 |
| Treasury shares | | (855) | (855) |
| Foreign exchange reserve | | 5,192 | 4,414 |
| Revaluation reserve | | 4,024 | 4,024 |
| Share option reserve | | 2,152 | 1,510 |
| Retained profits | | 75,843 | 59,772 |
| Equity attributable to owners of the Company | | 200,385 | 163,706 |
| Non-controlling interests | | 45,772 | 36,033 |
| Total Equity | | 246,157 | 199,739 |
| NON-CURRENT LIABILITIES | | | |
| Other payables | | 353 | 353 |
| Provision for end of service benefit | | 773 | 586 |
| Long term borrowings | 20 | 16,300 | 10,833 |
| Deferred tax liabilities | | 188 | 622 |
| | | 17,614 | 12,394 |
| CURRENT LIABILITIES | | | |
| Other payables | | 44,381 | 20,367 |
| Trade payables | | 43,049 | 39,988 |
| Provision for taxation | | 1,466 | 240 |
| Short term borrowings | 20 | 23,366 | 2,623 |
| Due to customers on contracts | | 3,432 | 758 |
| | | 115,694 | 63,976 |
| TOTAL LIABILITIES | | 133,308 | 76,370 |
| TOTAL EQUITY AND LIABILITIES | | 379,465 | 276,109 |
| NET ASSETS PER SHARE (SEN) | | 68.4 | 60.8 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2018.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2019**

| | CURRENT YEAR TO DATE 30/06/2019 RM'000 | PREVIOUS PERIOD TO DATE 30/06/2018 RM'000 |
|---|---|--|
| CASH FLOWS FOR OPERATING ACTIVITIES | | |
| Profit before taxation | 36,089 | 33,444 |
| Adjustments for: | | |
| Amortisation of intangible assets | 2,978 | - |
| Allowance for impairment losses on trade receivables | 60 | 1,523 |
| Allowance for slow moving inventories | 286 | 295 |
| Reversal of impairment on receivables | (1,177) | (511) |
| Depreciation of property, plant and equipment | 2,887 | 2,635 |
| Provision for end of service benefit | 186 | 99 |
| Reversal of retirement benefit obligation | - | (16) |
| Share of profit of an associate | (182) | |
| Gain on disposal of property, plant and equipment | (186) | (171) |
| Fair value gain on investment properties | (80) | (1,732) |
| Share options granted under Share Option Plan | 642 | 1,740 |
| Unrealised loss on foreign exchange | (85) | - |
| Finance expenses/(Income),net | 256 | (1,362) |
| Operating profit before working capital changes | 41,674 | 35,944 |
| Increase in inventories | (3,515) | (1,108) |
| (Increase)/Decrease in receivables | (43,498) | 8,025 |
| Increase/(Decrease) in payables | 22,828 | (48,838) |
| Cash generated from operations | 17,489 | (5,977) |
| Interest paid | (2,131) | (903) |
| Taxes paid | (10,344) | (9,280) |
| Net cash generated from/ (used in) operating activities | 5,014 | (16,160) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net cash outflow from acquisition of a subsidiary | (12,305) | - |
| Purchase of property, plant and equipment | (2,873) | (2,184) |
| Proceeds from disposals of property, plant and equipment | 65 | 171 |
| Increase of investment in subsidiaries by non-controlling interests | 6,136 | - |
| Interest received | 1,875 | 2,266 |
| Net cash (used in)/ generated from investing activities | (7,102) | 253 |
| CASH FLOWS FOR FINANCING ACTIVITIES | | |
| Drawdown of revolving credit/term loans | 25,776 | 7,817 |
| Repayment of hire purchase and lease payables | (954) | - |
| Drawdown of trade loan | 433 | - |
| Proceed from exercise of employee share options | 1,688 | 2,098 |
| Dividends paid to owners | (2,884) | (2,674) |
| Dividends paid to non-controlling interest | (1,960) | - |
| Net cash generated from financing activities | 22,099 | 7,241 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 20,011 | (8,666) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR | 57,048 | 67,691 |
| Effects of exchange differences | 1,203 | (1,977) |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR | 78,262 | 57,048 |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | 44,477 | 25,050 |
| Deposits with licensed bank | 33,785 | 31,998 |
| | 78,262 | 57,048 |

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2018.

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 FOURTH QUARTER ENDED 30 JUNE 2019

| | Share Capital | Treasury Shares | Foreign Exchange Reserves | Revaluation Reserves | Share Option Reserves | Distributable Retained Profits | Total | Non- Controlling Interests | Total Equity |
|---|------------------|--------------------|---------------------------------|-------------------------|-----------------------------|--------------------------------------|----------------|----------------------------------|-----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 30 June 2019 | | | | | | | | | |
| At 1 July 2018 | 94,841 | (855) | 4,414 | 4,024 | 1,510 | 59,772 | 163,706 | 36,033 | 199,739 |
| Other comprehensive income for the financial year | - | - | - | - | - | 20,045 | 20,045 | 7,185 | 27,230 |
| - Foreign currency translation reserve | - | - | 778 | - | - | - | 778 | (1,331) | (553) |
| Total comprehensive income for the financial year | - | - | 778 | - | - | 20,045 | 20,823 | 5,854 | 26,677 |
| Transaction with owners: | | | | | | | | | |
| - Exercise of employee share options | 1,688 | - | - | - | - | - | 1,688 | - | 1,688 |
| - Issuance of shares for acquisition of a subsidiary | 17,500 | - | - | - | - | - | 17,500 | - | 17,500 |
| - Value of employees' services pursuant to ESOS | - | - | - | - | 642 | - | 642 | - | 642 |
| - Dividends paid on shares to owner of the company | - | - | - | - | - | (2,884) | (2,884) | - | (2,884) |
| - Dividends paid on shares to non-controlling interests | - | - | - | - | - | - | - | (1,960) | (1,960) |
| - Non controlling interest arising from acquisition of new subsidiary | - | - | - | - | - | - | - | 5,845 | 5,845 |
| - MFRS 15 adjustment | - | - | - | - | - | (69) | (69) | - | (69) |
| - Fair value of a contract | - | - | - | - | - | (1,021) | (1,021) | - | (1,021) |
| At 30 June 2019 | 114,029 | (855) | 5,192 | 4,024 | 2,152 | 75,843 | 199,743 | 45,772 | 246,157 |
| 30 June 2018 | | | | | | | | | |
| At 1 July 2017 | 91,115 | (855) | 5,872 | 2,928 | 2,018 | 40,169 | 141,247 | 28,431 | 169,678 |
| Other comprehensive income for the financial year | - | - | - | - | - | 21,376 | 21,376 | 5,107 | 26,483 |
| - Foreign currency translation reserve | - | - | (1,414) | - | - | - | (1,414) | 2,275 | 861 |
| Total comprehensive income for the financial year | - | - | (1,414) | - | - | 21,376 | 19,962 | 7,382 | 27,344 |
| Transaction with owners: | | | | | | | | | |
| - Exercise of employee share options | 2,097 | - | - | - | - | - | 2,097 | - | 2,097 |
| - Value of employees' services pursuant to ESOS | - | - | - | - | 1,740 | - | 1,740 | - | 1,740 |
| - Dividend | - | - | - | - | - | (2,674) | (2,674) | - | (2,674) |
| - Revaluation reserve | - | - | - | 1,442 | - | - | 1,442 | - | 1,442 |
| At 30 June 2018 | 93,212 | (855) | 4,458 | 4,370 | 3,758 | 58,871 | 163,814 | 35,813 | 199,627 |

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 2018.

The accompanying notes are an integral part of this statement.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

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 2018.

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 2018.

Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”)

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

New MFRSs

| | |
|---------|---------------------------------------|
| MFRS 9 | Financial Instruments |
| MFRS 15 | Revenue from Contracts with Customers |

Amendments/Improvements to MFRSs

| | |
|----------|--|
| MFRS 1 | First-time adoption of MFRSs |
| MFRS 2 | Share-based Payment |
| MFRS 4 | Insurance Contracts |
| MFRS 128 | Investments in Associates and Joint Ventures |
| MFRS 140 | Investment Property |

New IC Int

| | |
|-----------|---|
| IC Int 22 | Foreign Currency Transactions and Advance Consideration |
|-----------|---|

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

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

1. BASIS OF PREPARATION (CONTINUED)

New MFRSs, amendments/Improvements to MFRSs and new IC Interpretation (“IC Int”) and amendments to IC Int that have been issued, but yet to be effective:

The Group and the Company have adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC that have been issued, but yet to be effective:

| | Effective for financial periods beginning on or after |
|---|---|
| <u>New MFRSs</u> | |
| MFRS 16 Leases | 1 January 2019 |
| MFRS 17 Insurance Contracts | 1 January 2021 |
| <u>Amendments/Improvements to MFRSs</u> | |
| MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards | 1 January 2021 [#] |
| MFRS 2 Share-based Payment | 1 January 2020* |
| MFRS 3 Business Combinations | 1 January 2019/ 1 January 2020* |
| MFRS 5 Non-current Assets Held for Sale and discontinued Operations | 1 January 2021 [#] |
| MFRS 6 Exploration for and Evaluation of Mineral Resources | 1 January 2020* |
| MFRS 7 Financial Instruments: Disclosures | 1 January 2021 [#] |
| MFRS 9 Financial Instruments | 1 January 2019 |
| MFRS 10 Consolidated Financial Statements | Deferred |
| MFRS 11 Joint Arrangements | 1 January 2019 |
| MFRS 14 Regulatory Deferral Accounts | 1 January 2020* |
| MFRS 15 Revenue from Contracts with Customers | 1 January 2021 [#] |
| MFRS 101 Presentation of Financial Statements | 1 January 2020* |
| MFRS 107 Statements of Cash Flows | 1 January 2021 [#] |
| MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error | 1 January 2020* |
| MFRS 112 Income Taxes | 1 January 2019 |
| MFRS 116 Property, Plant and Equipment | 1 January 2021 [#] |
| MFRS 119 Employee Benefits | 1 January 2019 |
| MFRS 123 Borrowing Costs | 1 January 2019 |
| MFRS 128 Investments in Associates and Joint Ventures | 1 January 2019/ Deferred |
| MFRS 132 Financial Instruments: Presentation | 1 January 2021 [#] |
| MFRS 134 Interim Financial Reporting | 1 January 2020* |
| MFRS 136 Impairment of Assets | 1 January 2021 [#] |
| MFRS 137 Provisions, Contingent Liabilities and Contingent Assets | 1 January 2020* |
| MFRS 138 Intangible Assets | 1 January 2020* |
| MFRS 140 Investment Property | 1 January 2021 [#] |

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

1. BASIS OF PREPARATION (CONTINUED)

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

Effective for financial periods beginning on or after

| | | |
|-----------------------------|---|-----------------|
| <u>New IC Int</u> | | |
| IC Int 23 | Uncertainty over Income Tax Treatments | 1 January 2019 |
| <u>Amendments to IC Int</u> | | |
| IC Int 12 | Service Concession Arrangements | 1 January 2020* |
| IC Int 19 | Extinguishing Financial Liabilities with Equity Instruments | 1 January 2020* |
| IC Int 20 | Stripping Costs in the Production Phase of a Surface Mine | 1 January 2020* |
| IC Int 22 | Foreign Currency Transactions and Advance Consideration | 1 January 2020* |
| IC Int 132 | Intangible Assets – Web Site Costs | 1 January 2020* |

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

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

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

MFRS 16 Leases

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

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

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises and equipment on the statements of financial position by recognising them as “rights-of-use” assets and their corresponding lease liabilities for the present value of future lease payments.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

1. BASIS OF PREPARATION (CONTINUED)

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

MFRS 16 Leases (Continued)

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 January 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

MFRS 17 Insurance Contracts

MFRS 17 introduces consistent accounting for all insurance contracts. MFRS 17 requires entities that issue insurance contracts to recognise and measure a group of insurance contracts at: (i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable market information; plus (ii) an amount representing the unearned profit in the group of contracts. Profits from the group of insurance contracts are recognised over the insurance coverage period. In addition, insurance revenue is presented separately from insurance finance income or expenses.

For insurance contracts with coverage period of one year or less, MFRS 17 allows an entity to measure the amount relating to remaining service by allocating the premium over the coverage period. This standard is not applicable to the Group.

Amendments to MFRS 3 Business Combination and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

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

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

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

1. BASIS OF PREPARATION (CONTINUED)

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

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

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

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

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

1. BASIS OF PREPARATION (CONTINUED)

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

IC Int 23 Uncertainty over Income Tax Treatments

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

- (i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
- (ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

Amendments to References to the Conceptual Framework in MFRS Standards

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

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

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

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

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

The amendments to the nine Standards are a consequence of MFRS 17 with an effective date on or after 1 January 2021, which include MFRS 1, MFRS 5, MFRS 7, MFRS 15, MFRS 107, MFRS 116, MFRS 132, MFRS 136 and MFRS 140.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

1. BASIS OF PREPARATION (CONTINUED)

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

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 30 June 2018 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.

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) 14,487,546 ordinary shares were issued at an exercise price of 33.6 sen per share; and
- ii) 2,642,112 ordinary shares were issued at an exercise price of 42.3 sen per share; and
- iii) 450,150 ordinary shares were issued at an exercise price of 72.3 sen per share; and
- iv) 100,000 ordinary shares were issued at an exercise price of 75.1 sen per share

Options to subscribe for 12,666,972 ordinary shares remain unexercised.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

6. DEBT AND EQUITY SECURITIES (CONTINUED)

From the date of the last report until current quarter under review, in relation to the acquisition of Trackwork & Supplies Sdn. Bhd. ("Trackwork"), the Company had issued 19,287,151 consideration shares to the Sellers of Trackwork, being as part of the purchase consideration of RM43,500,000.

Treasury Shares

The number of treasury shares held as at 30 June 2019 is as follows:-

| | No. of shares | Amount RM |
|---|------------------|--------------|
| Balance of treasury shares as at 1 July 2018 | 3,326,800 | 855,221 |
| Add: Purchase of treasury shares during the period under review | - | - |
| Balance of treasury shares as at 30 June 2019 | 3,326,800 | 855,221 |

7. DIVIDENDS PAID

On 16 May 2019, the Company paid a first interim single tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 30 June 2019 (2018: RM Nil sen) amounting to approximately RM1.46 million (2018: RM Nil million). Other than this, no dividend has been paid in the current quarter.

8. SEGMENTAL INFORMATION

The segment information for the current year ended 30 June 2019 is as follows:

| | Investment Holding | Facilities Division | Engineering Division | Environment Division | Rail Division | Others Division | Adjustments and Eliminations | Total |
|-----------------------------|-----------------------|------------------------|-------------------------|-------------------------|------------------|--------------------|------------------------------------|---------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 9,830 | 169,832 | 78,810 | 67,734 | 32,854 | - | (36,004) | 323,055 |
| Profit/(Loss) before tax | 6,222 | 16,279 | 4,059 | 12,962 | 7,812 | (165) | (11,080) | 36,089 |
| Segment assets | 161,918 | 146,802 | 75,786 | 96,756 | 35,478 | 16 | (137,291) | 379,465 |

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

9. CARRYING AMOUNT OF REVALUED ASSETS

Not Applicable.

10. SIGNIFICANT AND SUBSEQUENT EVENT

No material events subsequent to 30 June 2019 to the date of this report that have not been reflected in the financial statements for current financial period.

11. CHANGES IN COMPOSITION OF THE GROUP

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

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 30 June 2019 RM'000 | As at 30 June 2018 RM'000 |
|---|--|--|
| Non-cancellable operating lease commitments | | |
| Future minimum rentals payable: | | |
| Not later than 1 year | 1,367 | 1,275 |
| Later than 1 year and not later than 2 years | 821 | 627 |
| Later than 2 years and not later than 5 years | 131 | 948 |
| Later than 5 years | - | 670 |
| | <u>2,319</u> | <u>3,520</u> |

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

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 | Preceding year corresponding quarter ended | Current year to-date ended | Preceding year corresponding year ended |
|---------------------------|-----------------------|--|----------------------------|---|
| | 30 June 2019 | 30 June 2018 | 30 June 2019 | 30 June 2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Facilities | 37,828 | 60,949 | 169,832 | 182,762 |
| Environment | 17,139 | 16,751 | 67,734 | 57,848 |
| Engineering | 19,057 | 28,650 | 78,810 | 101,106 |
| Investment holdings | 4,665 | 6,624 | 9,830 | 4,690 |
| Rail | 11,246 | - | 32,854 | - |
| Others | - | - | - | 3 |
| Total | 89,935 | 112,974 | 359,060 | 346,409 |
| Less: Elimination | (10,175) | (18,819) | (36,005) | (42,445) |
| Consolidated Total | 79,760 | 94,155 | 323,055 | 303,964 |

| Profit before tax | Current quarter ended | Preceding year corresponding quarter ended | Current year to-date ended | Preceding year corresponding year ended |
|---------------------------|-----------------------|--|----------------------------|---|
| | 30 June 2019 | 30 June 2018 | 30 June 2019 | 30 June 2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Facilities | 1,949 | 4,865 | 16,279 | 19,497 |
| Environment | 3,251 | 4,064 | 12,952 | 12,626 |
| Engineering | 28 | (632) | 4,059 | 2,952 |
| Investment holdings | 3,203 | 5,203 | 6,222 | 1,777 |
| Rail | 1,638 | - | 7,812 | - |
| Others | (74) | (57) | (165) | (218) |
| Total | 9,995 | 13,443 | 47,159 | 36,634 |
| Less: Elimination | (7,030) | (6,250) | (11,070) | (3,190) |
| Consolidated Total | 2,965 | 7,193 | 36,089 | 33,444 |

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

14. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

14.1 Facilities Division

Quarter on Quarter (“QoQ”)

Revenue for Q4/FY19 amounted to RM37.8m, compared to RM42.2m in Q3/FY19. The revenue decreased by RM4.4m/-10% was mainly attributable to lower CARP revenue recognition during the quarter under review.

Arising from the above, the division’s PBT for Q4/FY19 decreased to RM1.9m from RM4.0m in Q3/FY19.

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q4/FY19 decreased by RM23.12m/-37.9% against preceding year corresponding quarter Q4/FY18. This was attributable to the completion of contracts for several commercial sites as well as lower revenue recognition from CARP, RM6.9m during the quarter under review compared to RM29.2m in preceding year corresponding quarter.

Consequently, the division recorded a decrease in PBT for the current quarter Q4/FY19 vs preceding year corresponding quarter Q4/FY18 by RM2.9m/-59.9%.

14.2 Environment Division

QoQ

The division’s revenue was marginally lower for the quarter under review at RM17.1m compared to the immediate preceding quarter Q3/FY19, at RM17.8m. The reduction was mainly attributable to the impact arising from deferred recognition of RM0.5m pursuant to MFRS 15.

PBT in Q4/FY19 decreased slightly by RM0.6m/-16.95% to RM3.3m as compared to RM3.9m in Q3/FY19. The decrease was attributable to the deferred revenue recognition as mentioned above as well as accounting for costs in relation to the registration and maintenance of patents for a shuttle version of the automated waste collection system amounting to RM0.9m during the quarter under review.

Current quarter vs preceding year corresponding quarter

A marginal increase in the revenue of RM0.4m/2.3% for the current quarter under review Q4/FY19 against to preceding year corresponding quarter Q4/FY18 was attributable to positive project progress mainly from Malaysia as well as Singapore region.

Despite increase in the revenue, the PBT of the division decreased by RM0.8m/-20% in current quarter Q4/FY19 against preceding year corresponding quarter Q4/FY18 due to the deferred revenue recognition arising from MFRS 15 (RM0.5m) and costs of patent registration and maintenance (RM0.9m) during the quarter under review as mentioned above.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

14. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

14.3 Engineering Division

QoQ

Revenue in Q4/FY19 amounted to RM19.1m compared to RM22.5m in Q3/FY19, a decrease of RM3.4m/-15.%. The decrease was attributable by the further project completions from the aircond segment during the quarter under review.

Arising from the above, and also due to the cost overruns incurred in a project of the aircond segment(RM1.3m) , the division reported a lower PBT of RM0.03m in Q4/FY19 as compared to RM1.5m in Q3/FY19, a decrease of RM1.5m/-98.1%.

Current quarter vs preceding year corresponding quarter

Decrease in the revenue of RM9.6m/-33.5% in the current quarter Q4/FY19 against preceding year corresponding quarter Q4/FY18 was mainly attributable to the completion of several projects undertaken by the aircond segment.

Despite the above, the division managed to record a modest PBT during the quarter under review compared to a LBT recorded in the preceding year corresponding quarter Q4/FY18

14.4 Rail Division

QoQ

Revenue in Q4/FY19 recorded at RM11.2mil compared to RM13.3mil in Q3/FY19, a decrease of RM2.1m/-15.6% which was attributable to lower contract fulfillment recorded in current quarter under review.

Correspondingly, PBT also decreased to RM1.6m compared to RM3.0m.

Current quarter vs preceding year corresponding quarter

No comparison available as this division newly acquired in October 2018.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

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

| | Current quarter ended 30 June 2019 | Preceding quarter ended 31 March 2019 | Variance Favorable/ (adverse) |
|----------------------------------|--|---|-------------------------------------|
| | RM'000 | RM'000 | RM'000 |
| Revenue | <u>79,760</u> | <u>88,857</u> | <u>(9,097)</u> |
| Profit before taxation and zakat | <u>2,965</u> | <u>12,131</u> | <u>(9,166)</u> |

On a QoQ basis, the revenue had decreased across all divisions as mentioned in the above, by RM9.1m/-10.2%.

In addition to the lower revenue recorded, PBT for the quarter under review was further weighed down by cost overruns in a project undertaken by the aircond segment of the Engineering division (RM1.3m), deferred revenue recognition arising from MFRS 15 (RM0.5m), patent registration and maintenance costs (RM0.9m) from the Environment division as well as a one-time amortization charge against intangible assets computed pursuant to MFRS 3, arising from the acquisition of Trackwork and Supplies Sdn Bhd which was completed during the year (RM3.0m).

16. COMMENTARY ON PROSPECTS

Although there exist uncertainties arising from the current global economic situations, the Board is cautiously optimistic that the Group's financial performance in the coming financial year will remain positive. This is underpinned by the Group's strong orderbook balance and demonstrated ability to replenish it.

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 seven 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), equating approximately RM1.16 mil monthly.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

16. COMMENTARY ON PROSPECTS (CONTINUED)

16.1 Facilities Division (Continued)

These two contracts significantly improve the Group's long-term prospects. We expect positive contribution to our revenue and profit performance from our CARP contract over the next several years.

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

16.2 Environment Division

The Environment Division has contracts on hand that will tide it over for the next three financial years. Prospects remain positive for this Division

16.3 Engineering Division

Air conditioning segment

As most of the major projects undertaken by this segment are nearly completed, it will continue to undertake inter segment jobs from the facilities division. In the meantime, the Management is currently reviewing new business possibilities for the segment to undertake in the future.

Plumbing segment

As most of the projects undertaken by the segment had recorded decent progress during the year under review, these on-going projects are expected to continue contributing positively in the coming financial year.

16.4 Rail Division

The acquisition of 60% in Trackwork & Supplies Sdn. Bhd. ("Trackwork") was completed in early October 2018. Under the terms of the acquisition, the sellers have provided a profit guarantee of RM8mil and RM12mil profit after tax for Trackwork's FYE 30 September 2018 and FYE 30 September 2019 respectively. The profit guarantee for the FYE 30 September 2018 were comfortably met.

17. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

18. INCOME TAX EXPENSE

| | Current quarter ended 30 June 2019 RM'000 | Year to date ended 30 June 2019 RM'000 |
|----------------------------------|---|--|
| Profit before taxation and zakat | 2,965 | 36,089 |
| Income tax expense for the year | (1,811) | (8,859) |
| Effective tax rate | 61.1% | 24.5% |

Higher tax expenses mainly attributable by the deferred tax liability expenses arising from a one-time amortization charge against intangible assets computed pursuant to MFRS 3, arising from the acquisition of Trackwork and Supplies Sdn Bhd which was completed during the year.

19. CORPORATE PROPOSALS

There was no corporate proposal announced but not completed at the date of this report.

20. BORROWINGS

| | As at 30 June 2019 RM'000 | As at 30 June 2018 RM'000 |
|--------------------------------|------------------------------------|------------------------------------|
| Secured short-term borrowings: | | |
| Term loan | 3,543 | 1,519 |
| Revolving credit | 17,475 | - |
| Trade loan | 1,269 | - |
| Finance lease payables | 1,079 | 788 |
| Total short-term borrowings | 23,366 | 2,307 |
| Secured long-term borrowings: | | |
| Term loan | 14,250 | 8,214 |
| Finance lease payables | 2,050 | 2,099 |
| Total long-term borrowings | 16,300 | 10,313 |
| Total borrowings | 39,666 | 12,620 |

All of the above borrowings are denominated in Ringgit Malaysia except for the trade loan is denominated in Singapore Dollar.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

21. MATERIAL LITIGATION

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

22. DIVIDEND DECLARED

The Board of Directors are pleased to propose the final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 30 June 2019. This dividend is subject to approval by shareholders at the forthcoming Annual General Meeting. The book closure and payment dates for this dividend will be announced in due course.

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 year, excluding treasury shares held by the Company as follows:

| | Current quarter ended 30 June 2019 | Year to date ended 30 June 2019 |
|---|---|--|
| Profit attributable to owners of the Company (RM'000) | 38 | 20,045 |
| Weighted average number of ordinary shares in issue, excluding treasury shares ('000) | 292,977 | 283,037 |
| Basic earnings per share (sen) | 0.01 | 7.08 |

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 30 June 2019 RM'000 |
|---|--|
| Total retained profits of the Company and its subsidiaries: | |
| - Realised | 177,162 |
| - Unrealised | 3,494 |
| | 180,656 |
| Less: Consolidation adjustments | (104,813) |
| Total group retained profit as per consolidated accounts | 75,843 |

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

25. ITEMS INCLUDED IN CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit from operations is for the current quarter and year to-date ended 30 June 2019 is stated after charging / (crediting) the following items:

| | Current quarter ended 30 June 2019 RM'000 | Year to date ended 30 June 2019 RM'000 |
|-------------------------------|--|---|
| Interest income | (857) | (1,875) |
| Other income | (1,413) | (1,793) |
| Interest expense | 698 | 2,131 |
| Depreciation and amortization | 3,660 | 5,865 |
| Foreign exchange gain | (118) | (759) |

26. AUTHORISATION FOR ISSUE

This interim financial report has been approved by the Board of Directors of the Company for issuance on 27 August 2019.