AWC BERHAD

(Company No. 550098-A)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 30 JUNE 2020

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT PERIOD QUARTER 30/06/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2019 RM'000	CURRENT PERIOD TO DATE 30/06/2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2019 RM'000
Revenue	13	74,846	79,760	315,054	323,055
Cost of sales		(55,979)	(60,500)	(237,277)	(231,097)
Gross profit		**18,867**	**19,260**	**77,777**	**91,958**
Other operating income		1,342	1,531	2,394	2,552
Other operating expenses		(48,032)	(18,167)	(86,632)	(58,347)
(Loss)/Profit from operations		**(27,823)**	**2,624**	**(6,461)**	**36,163**
Finance (cost)/income, net		(222)	159	(681)	(256)
Share of (loss)/profit of associates		(24)	182	(24)	182
(Loss)/Profit before taxation	**13**	**(28,069)**	**2,965**	**(7,166)**	**36,089**
Taxation	18	(2,017)	(1,811)	(8,153)	(8,859)
(Loss)/Profit after taxation for the financial period		**(30,086)**	**1,154**	**(15,319)**	**27,230**
Other comprehensive income:					
Foreign currency translation differences		371	(1,916)	583	(553)
Total comprehensive income for the financial period		**(29,715)**	**(762)**	**(14,736)**	**26,677**
(Loss)/Profit attributable to:					
Owners of the Company		(29,896)	38	(18,798)	20,045
Non-controlling interests		(190)	1,116	3,479	7,185
		(30,086)	**1,154**	**(15,319)**	**27,230**
Total comprehensive income attributable to:					
Owners of the Company		(29,633)	217	(18,475)	20,823
Non-controlling interests		(82)	(979)	3,739	5,854
		(29,715)	**(762)**	**(14,736)**	**26,677**
Basic earnings per share (sen)	**23**	**(10.20)**	**0.01**	**(6.41)**	**7.08**

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019.

The accompanying notes are an integral part of this statement.

AWC BERHAD
(Company No. 550098-A)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE FOURTH QUARTER ENDED 30 JUNE 2020

	Note	(Unaudited) AS AT 30/06/2020 RM'000	(Audited) AS AT 30/6/2019 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment		15,169	17,022
Investment properties		4,590	4,590
Investment in an associate		157	182
Intangible assets - others		-	1,044
Intangible assets - goodwill		41,711	55,462
Deferred tax assets		1,800	3,917
Right of use assets		2,975	-
		66,402	**82,217**
CURRENT ASSETS			
Inventories		26,986	17,690
Tax recoverable		4,328	2,958
Other receivables		16,000	7,445
Trade receivables		102,334	122,925
Contract assets		47,410	67,950
Short term investment		14,284	11,514
Deposits with licensed banks, cash and bank balances		72,376	66,529
		283,718	**297,011**
TOTAL ASSETS		**350,120**	**379,228**
EQUITY AND LIABILITIES			
Equity			
Share capital		111,803	110,847
Treasury shares		(1,287)	(855)
Foreign exchange reserve		5,515	5,192
Revaluation reserve		4,024	4,024
Share option reserve		1,132	1,072
Retained profits		55,211	78,059
Equity attributable to owners of the Company		**176,398**	**198,339**
Non-controlling interests		45,669	47,050
Total Equity		**222,067**	**245,389**
NON-CURRENT LIABILITIES			
Other payables		533	353
Long term borrowings	20	25,922	16,309
Deferred tax liabilities		258	850
Lease liabilities		865	-
		27,578	**17,512**
CURRENT LIABILITIES			
Other payables		38,375	21,851
Trade payables		45,531	52,710
Employee benefits		893	773
Provision for taxation		1,176	1,578
Short term borrowings	20	7,655	23,358
Contract liabilities		6,650	16,057
Lease liabilities		195	-
		100,475	**116,327**
TOTAL LIABILITIES		**128,053**	**133,839**
TOTAL EQUITY AND LIABILITIES		**350,120**	**379,228**
NET ASSETS PER SHARE (SEN)		**59.9**	**67.7**

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019.

The accompanying notes are an integral part of this statement.

AWC BERHAD

(Company No. 550098-A)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2020

	CURRENT PERIOD TO DATE 30/06/2020 RM'000	PREVIOUS PERIOD TO DATE 30/06/2019 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(7,166)	36,089
Adjustments for:		
Amortisation of other intangible assets	1,044	2,978
Allowance for impairment lossess on trade receivables	21,112	60
Allowance for slow moving inventories	228	286
Reversal of impairment on receivables	(15)	(1,177)
Depreciation of property, plant and equipment	4,497	2,887
Provision for end of service benefit	120	186
Provision for retirement benefit obligation	180	-
Impairment loss on goodwill	13,751	-
Share of result of an associate	24	(182)
Gain on disposal of property, plant and equipment	(112)	(186)
Fair value gain on investment properties	-	(80)
Share options granted under Share Option Plan	60	642
Unrealised loss on foreign exchange	(286)	(85)
Finance expenses,net	681	256
Operating profit before working capital changes	**34,118**	**41,674**
Increase in inventories	(12,500)	(3,515)
Decrease/(Increase) in receivables	11,479	(43,498)
Increase in payables	1,195	22,828
Cash generated from operations	**34,292**	**17,489**
Interest paid	(2,239)	(2,131)
Taxes paid	(8,397)	(10,344)
Net cash generated from operating activities	**23,656**	**5,014**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow from acquisition of subsidiaries	-	(12,305)
Purchase of short term investment	(2,770)	-
Purchase of property, plant and equipment	(1,802)	(2,873)
Proceeds from disposals of property, plant and equipment	-	65
Increase of investment in subsidiaries by non-controlling interests	-	6,136
Interest received	1,558	1,875
Net cash used in investing activities	**(3,014)**	**(7,102)**
CASH FLOWS FOR FINANCING ACTIVITIES		
(Repayment)/Drawdown of revolving credit/term loans	(8,011)	25,776
Repayment of hire purchase and lease payables	(900)	(954)
Drawdown of trade loan	1,866	433
Proceed from exercise of employee share options	956	1,688
Dividends paid to owners	(4,422)	(2,884)
Dividends paid to non-controlling interest	(5,120)	(1,960)
Repurchase of treasury shares	(432)	-
Net cash (used in)/ generated from financing activities	**(16,063)**	**22,099**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**4,579**	**20,011**
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	**66,529**	**57,048**
Effects of exchange differences	1,268	1,203
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**72,376**	**78,262**
Cash and cash equivalents comprise:		
Cash and bank balances	44,157	44,477
Deposits with licensed bank	28,219	33,785
	72,376	**78,262**

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019.

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 2020

	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 2010									
At 1 July 2019	110,847	(855)	5,192	4,024	1,072	78,059	198,339	47,050	245,389
Repurchase of treasury shares	-	(432)	-	-	-	-	(432)	-	(432)
Other comprehensive income for the financial year	-	-	-	-	-	(18,798)	(18,798)	3,479	(15,319)
- Foreign currency translation reserve	-	-	323	-	-	-	323	260	583
Total comprehensive income for the financial year	-	-	323	-	-	(18,798)	(18,475)	3,739	(14,736)
Transaction with owners:	-								
- Exercise of employee share options	956	-	-	-	-	-	956	-	956
- Value of employees' services pursuant to ESOS	-	-	-	-	60	-	60		60
- Share options lapsed						372	372		372
- Dividends paid on shares to owner of the company	-	-	-	-	-	(4,422)	(4,422)	-	(4,422)
- Dividends paid on shares to Non-controlling interest	-	-	-	-	-	-	-	(5,120)	(5,120)
At 30 June 2020	**111,803**	**(1,287)**	**5,515**	**4,024**	**1,132**	**55,211**	**176,398**	**45,669**	**222,067**
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**

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 2019.

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 2020

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 2019.

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 2019.

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
MFRS 16	Leases

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.

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 issue, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
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#

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

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

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.

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.

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.

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 2019 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) 16,810,486 ordinary shares were issued at an exercise price of 33.6 sen per share; and
ii) 2,999,712 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; and
v) 100,000 ordinary shares were issues at an exercise price of 23.7 sen per share

Options to subscribe for 12,089,532 ordinary shares remain unexercised.

6. DEBT AND EQUITY SECURITIES (CONTINUED)

Treasury Shares
The number of treasury shares held as at 30 June 2020 is as follows: -

	No. of shares	Amount RM
Balance of treasury shares as at 1 July 2019	3,326,800	855,221
Add: Purchase of treasury shares during the year under review	1,301,900	431,860
Balance of treasury shares as at 30 June 2020	4,628,700	1,287,081

7. DIVIDENDS PAID

No dividend has been paid in the current quarter under review.

8. SEGMENTAL INFORMATION

The segment information for the current year ended 30 June 2020 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	12,910	178,676	67,264	55,591	35,479	-	(34,866)	315,054
(Loss)/profit before tax	(22,964)	15,819	(15,537)	4,479	5,669	(39)	5,407	(7,166)
Segment assets	121,676	163,369	64,951	94,225	36,672	217	(130,990)	350,120

9. CARRYING AMOUNT OF REVALUED ASSETS

Not Applicable.

10. SIGNIFICANT AND SUBSEQUENT EVENT

No material events subsequent to 30 June 2020 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.

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

13. PERFORMANCE REVIEW BY SEGMENTS

Revenue	**Current quarter ended 30 June 2020 RM'000**	**Preceding year corresponding quarter ended 30 June 2019 RM'000**	**Current period to-date ended 30 June 2020 RM'000**	**Preceding year corresponding year ended 30 June 2019 RM'000**
Facilities	47,152	37,828	178,676	169,832
Environment	11,907	17,139	55,591	67,734
Engineering	14,959	19,057	67,264	78,810
Investment holdings	8,070	4,665	12,910	9,830
Rail	8,008	11,246	35,479	32,854
Total	90,096	89,935	349,920	359,060
Less: Elimination	(15,250)	(10,175)	(34,866)	(36,005)
Consolidated Total	**74,846**	**79,760**	**315,054**	**323,055**

(Loss)/Profit before tax	**Current quarter ended 30 June 2020 RM'000**	**Preceding year corresponding quarter ended 30 June 2019 RM'000**	**Current period to-date ended 30 June 2020 RM'000**	**Preceding year corresponding year ended 30 June 2019 RM'000**
Facilities	2,969	1,949	15,819	16,279
Environment	(529)	3,251	4,479	12,952
Engineering	(13,032)	28	(15,537)	4,059
Investment holdings	(25,514)	3,203	(22,964)	6,222
Rail	605	1,638	5,669	7,812
Others	(14)	(74)	(39)	(165)
Total	(35,515)	9,995	(12,573)	47,159
Less: Elimination	7,446	(7,030)	5,407	(11,070)
Consolidated Total	**28,069**	**2,965**	**(7,166)**	**36,089**

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

As Covid19 had impacted and affected businesses in countries from which the Group operates, it had resulted in the inability to establish with certainty, resolutions to overcoming issues in relation to addressing certain outstanding trade receivables of the Group. At the same time, it had also undermined the ability to reliably forecast new project acquisitions for the purpose of impairment testing.

Resulting from the above, the Group had during the quarter under review made provisions against its trade receivables amounting to RM21.1m. Details of this are further elaborated in the respective business segment reviews below. Additionally, impairment of goodwill totalling RM13.8m was also recorded against the Group's rainwater harvesting and rail businesses amounting to RM5.1m and RM8.7m respectively. With the completion of the Trackwork acquisition during the financial year, the Group had also amortised the remaining RM1.1m of intangible assets as well as accounted for an under provision of contingent consideration of RM1.1m arising from the completion of profit guarantee.

13.1 Facilities Division

Quarter on Quarter ("QoQ")

Revenue for Q4/FY20 amounted to RM47.2m, compared to RM40.6m in Q3/FY20. The increase in revenue by RM6.5m/16.3% during the current quarter under review was mainly attributable to a completed roadworks under the Southern Zone concession.

Arising from the above, the division's PBT for Q4/FY20 had increased to RM3.0m from RM2.4m in Q3/FY20. This is after accounting for provision for doubtful debt amounting to RM1.1m which was mainly attributable to additional works performed on a project before the contract expired in 2018 being disputed by the client with negotiations still in-progress.

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q4/FY20 was higher by RM9.3m/24.6% against preceding year corresponding quarter Q4/FY19 which was attributable to the completed roadwork at a concession site in Southern area as mentioned in the above.

Consequent to the above, the PBT had also improved by RM1.0m/52.3% in the current quarter Q4/FY20 against preceding year's corresponding quarter Q4/FY19.

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.2 Environment Division

QoQ

The division's revenue for the current quarter under review was lower at RM11.9m compared to the immediate preceding quarter Q3/FY20, at RM14.8m largely due to project stoppages arising from the Movement Control Order (MCO) by the Government of Malaysia in preventing spread of the Covid19 pandemic in the country started from middle March 2020. The situation had also affected its overseas division such as Singapore which had their Circuit Breaker and Middle East which experienced shortened working hours.

The division was not spared from trade receivables and collections issues as projects in Malaysia and the Middle East were impacted from slowdown arising from slower take up rates as well as lower oil and gas prices in the case of the Middle East. Of the RM6.8m provisions recorded by the division, RM3.2m and RM3.6m was attributable to Malaysian and Middle Eastern projects respectively. Efforts on recovery remains a priority and Management is optimistic of a positive outcome.

Consequent to the above, the division had recorded LBT of RM0.5m compared to PBT of RM2.9m in Q3/FY20.

Current quarter vs preceding year corresponding quarter

The MCO imposed by the Government of Malaysia as well as countries the division operates in during the current quarter under review had impacted the continuity of project progress of the division. As a result, a significant decrease in the revenue of RM5.2m/-30.5% was recorded during the quarter under review.

Consequent to the above as well as provision for doubtful debts as explained above, the division had recorded a LBT of RM1.0m in Q4/FY20 compared to PBT of RM3.2m in preceding year corresponding quarter Q4/FY19.

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.3 Engineering Division

QoQ

Revenue for Q4/FY20 amounted to RM15.0m compared to RM18.8m in Q3/FY20, a decrease of RM3.8m/-20.3%. The decrease was mainly attributable to the impacted projects progress both in AirCond and Plumbing segment due to the MCO imposed by the Government during the current quarter under review.

Of the RM13.3m provision for doubtful debts recorded by the division, RM12.2m was attributable to a project undertaken by the Aircond segment, which had successfully applied for six months Judicial Management with effect from 9 July 2020. While Management is confident of a positive outcome, it was not able to demonstrate nor establish with any certainty when recovery of the outstanding sum from this project is expected to be achieved.

Consequent to the above, the division recorded a LBT of RM13.0m in Q4/FY20 against PBT of RM0.6m in Q3/FY20.

Current quarter vs preceding year corresponding quarter

The MCO imposed by the Government of Malaysia during the current quarter under review had impacted the division’s projects progress resulting in a significant decrease in the revenue of RM4.1m/-21.5% during the quarter under review.

Arising from the above and further weighed down by a significant provision of doubtful debt as explained earlier, the division had recorded a LBT of RM13.0m/->100% in Q4/FY20 against a PBT of RM0.03m in preceding year corresponding quarter Q4/FY19.

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.3 Rail Division

QoQ

Revenue for Q4/FY20 was RM8.0m compared to RM1.7m in Q3/FY20, an increase of RM6.3m/>100% largely attributable to the recognition of project progress on grinding works performed by the division towards the end of the quarter under review.

Consequently, the division recorded a PBT of RM0.7m during the quarter under review compared to a LBT of RM0.6m in Q3/FY20, an increase of RM1.3/>100%.

Current quarter vs preceding year corresponding quarter

Revenue decreased by RM3.2m/-28.8% from RM11.2m in Q4/FY19 to RM8.0m in Q4/FY20 due to diminished project and fulfilment progress arising from the MCO imposed by government during the current quarter under review.

Arising from the above and further weighed down by lower margin, the division recorded a PBT of RM0.7m in Q4/FY20 against PBT of RM1.3m in Q4/FY19, a decrease of RM0.5m/-43.1%.

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

	Current quarter ended 30 June 2020	Preceding quarter ended 31 March 2020	Variance (Adverse)/ Favorable
	RM'000	RM'000	RM'000
Revenue	74,846	71,803	3,043
(Loss)/Profit before taxation and zakat	(28,070)	6,432	(34,502)

On a QoQ basis, revenue increased by RM3.0m/4.2% mainly attributable to higher revenue recorded by facilities as well the rail division, as mentioned in the above.

Nonetheless, the current quarter under review had recorded LBT of RM28.1m compared to PBT of RM6.4m in the preceding quarter, a significant decrease by RM34.5m/>-100% attributable to the impairment losses on goodwill in two CGUs of the Group amounting to RM13.8m, provision for doubtful debts amounting to RM21.1m from all divisions, an amortisation charge of RM1.1m against the remaining intangible assets arising from the acquisition of the rail division as well as accounting for an under provision of contingent consideration of RM1.1m arising from the same.

15. COMMENTARY ON PROSPECTS (CONTINUED)

Despite the dismal performance recorded by the Group during the final quarter of the financial year which was mainly attributable to complying with accounting standards after taking into consideration the weak underlining economic situation griping not only the country but the global economies at large, the Board is cautiously optimistic of the Group's performance in the coming financial year. This will be underpinned by the Group's orderbook in excess of RM900 million after taking into account none of the projects undertaken by the Group had been cancelled despite the Covid19 situation and are expected to contribute positively to the Group's earnings moving forward.

We set out below our analysis of prospects by Divisions:

15.1 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 RM59m 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 RM140m over ten years (the renewed concession period), equaling approximately RM1.16m monthly.

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.

15.2 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 as we expect projects progress and recognition to improve in the new financial year.

15. COMMENTARY ON PROSPECTS (CONTINUED)

15.3 Engineering Division

Air conditioning segment

As projects undertaken by this segment have largely entered into Defects Liability Period (DLP) with no new tender/project participations, we do not expect further material negative contributions from this segment moving forward. Additionally, the Management has streamlined and rationalized the operational cost structure of this segment to be in line with serving out the existing projects which are now in DLP.

Plumbing segment

With the resumption of projects undertaken by the segment, these are expected to contribute positively to the Group's earnings over the next three financial years.

15.4 Rail Division

While the division remains active in pursuing rail related projects and procurement opportunities domestically as well as regionally, the recommencement of projects and order fulfilment is expected to contribute positively in the coming financial year.

16. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable.

17. INCOME TAX EXPENSE

	Current quarter ended 30 June 2020 RM'000	Year to date ended 30 June 2020 RM'000
Loss before taxation and zakat	(28,069)	(7,166)
Income tax expense for the year	(2,017)	(8,153)
Effective tax rate	(7.18%)	(113.7%)

The negative effective tax rate for the Group for year to date mainly due to loss contribution from the Engineering division's Aircond segment.

18. CORPORATE PROPOSALS

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

19. BORROWINGS

	As at 30 June 2020 RM'000	As at 31 June 2019 RM'000
Secured short-term borrowings:		
Term loan	59	3,543
Revolving credit	3,000	17,475
Trade loan	3,137	1,269
Finance lease payables	1,459	1,079
Total short-term borrowings	7,655	23,366
Secured long-term borrowings:		
Term loan	24,772	14,250
Finance lease payables	1,150	2,050
Total long-term borrowings	25,922	16,300
Total borrowings	33,577	39,666

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

20. MATERIAL LITIGATION

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

21. DIVIDEND DECLARED

No dividend has been declared in the current quarter.

22. 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 2020	**Year to date ended 30 June 2020**
Loss attributable to owners of the Company (RM'000)	(29,896)	(18,798)
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	294,455	293,240
Basic earnings per share (sen)	(10.20)	(6.41)

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

23. REALISED AND UNREALISED PROFITS

	As at 30 June 2020 RM'000
Total retained profits of the Company and its subsidiaries:	
- Realised	136,039
- Unrealised	1,827
	137,866
Less: Consolidation adjustments	(82,655)
Total group retained profit as per consolidated accounts	55,211

24. ITEMS INCLUDED IN CONDENSED CONSOLIDATEDSTATEMENT OF COMPREHENSIVE INCOME

Profit from operations is for the current quarter and year to-date ended 30 June 2020 is stated after charging / (crediting) the following items:

	Current quarter ended 30 June 2020 RM'000	Year to date ended 30 June 2020 RM'000
Interest income	(558)	(1,558)
Other income	(1377)	(1,961)
Interest expense	780	2,239
Depreciation and amortization	3,326	5,541
Foreign exchange loss/(gain)	37	(431)

25. AUTHORISATION FOR ISSUE

This interim financial report has been approved by the Board of Directors of the Company for issuance on 25 August 2020.