

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 MARCH 2022**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT PERIOD QUARTER 31/3/2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2021 RM'000	CURRENT PERIOD TO DATE 31/3/2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2021 RM'000
Revenue	13	93,762	80,642	253,693	246,899
Cost of sales		(67,344)	(58,011)	(184,252)	(180,703)
Gross profit		26,418	22,631	69,441	66,196
Other operating income		1,060	2,169	4,109	4,633
Other operating expenses		(15,229)	(14,018)	(39,348)	(33,641)
Profit from operations		12,249	10,782	34,202	37,188
Finance (costs)/income, net		(68)	(66)	48	(105)
Share of loss of associates		-	(124)	-	(124)
Profit before taxation	13	12,181	10,592	34,250	36,959
Taxation	17	(2,148)	(2,229)	(6,422)	(5,964)
Zakat		(30)	-	(90)	-
Profit after taxation for the financial period		10,003	8,363	27,738	30,995
Other comprehensive income:					
Foreign currency translation differences		363	892	401	(572)
Total comprehensive income for the financial period		10,366	9,255	28,139	30,423
Profit attributable to:					
Owners of the Company		7,068	6,333	19,655	23,181
Non-controlling interests		2,935	2,030	8,083	7,814
		10,003	8,363	27,738	30,995
Total comprehensive income attributable to:					
Owners of the Company		7,288	6,882	19,390	22,662
Non-controlling interests		3,078	2,373	8,749	7,761
		10,366	9,255	28,139	30,423
Basic earnings per share (sen)	22	2.23	2.00	6.21	7.63

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2021.

The accompanying notes are an integral part of this statement.

AWC BERHAD

(Company No. 550098-A)



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE THIRD QUARTER ENDED 31 MARCH 2022**

	(Unaudited)	(Audited)
	AS AT	AS AT
Note	31/3/2022	30/6/2021
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	13,957	13,323
Investment properties	7,543	7,543
Intangible assets - goodwill	39,574	39,574
Deferred tax assets	3,046	3,046
Right of use assets	3,601	3,663
	67,721	67,149
CURRENT ASSETS		
Inventories	33,768	29,583
Tax recoverable	3,393	3,720
Other receivables	13,635	16,155
Trade receivables	122,388	120,394
Contract assets	40,886	57,863
Due from associated company	-	128
Short term investment	18,844	19,686
Deposits with licensed banks, cash and bank balances	92,883	89,436
	325,797	336,965
TOTAL ASSETS	393,518	404,114
EQUITY AND LIABILITIES		
Equity		
Share capital	119,077	119,033
Treasury shares	(1,287)	(1,287)
Foreign exchange reserve	5,069	5,334
Revaluation reserve	4,024	4,024
Share option reserve	572	572
Retained profits	93,552	78,645
Equity attributable to owners of the Company	221,007	206,321
Non-controlling interests	63,207	56,908
Total Equity	284,214	263,229
NON-CURRENT LIABILITIES		
Other payables	353	353
Long term borrowings	19 3,922	7,385
Deferred tax liabilities	176	7
Lease liabilities	2,175	1,223
	6,626	8,968
CURRENT LIABILITIES		
Other payables	25,818	27,254
Trade payables	49,363	51,090
Employee benefits	1,092	994
Provision for taxation	1,923	3,015
Short term borrowings	19 9,943	25,636
Contract liabilities	13,363	22,075
Lease liabilities	1,176	1,853
	102,678	131,917
TOTAL LIABILITIES	109,304	140,885
TOTAL EQUITY AND LIABILITIES	393,518	404,114
NET ASSETS PER SHARE (SEN)	69.8	65.2

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2021.

The accompanying notes are an integral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 31 MARCH 2022**

	CURRENT YEAR TO DATE 31/3/2022 RM'000	PREVIOUS YEAR TO DATE 31/3/2021 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	34,250	36,959
Adjustments for:		
Allowance for impairment losses on trade receivables	311	2,606
Allowance for slow moving inventories	116	79
Reversal of impairment on receivables	(2,207)	(2,482)
Depreciation of property, plant and equipment	1,423	1,357
Depreciation of right of use asset	1,531	1,565
Provision for end of service benefit	98	53
Inventories written off	122	-
Share of result of an associate	-	124
Gain on disposal of property, plant and equipment	(40)	(12)
Fair value loss on investment properties	-	3
Unrealised gain on foreign exchange	(126)	(189)
Finance (income)/expenses, net	(48)	105
Operating profit before working capital changes	35,430	40,168
(Increase)/Decrease in inventories	(4,424)	3,421
Decrease/(Increase) in receivables	19,400	(14,461)
Decrease in payables	(13,304)	(1,630)
Decrease in amount owing by an associate	128	-
Cash generated from operations	37,230	27,498
Interest paid	(1,261)	(1,400)
Taxes paid	(6,930)	(5,511)
Zakat paid	(90)	-
Net cash generated from operating activities	28,949	20,587
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal of short term investment	842	609
Purchase of property, plant and equipment	(2,054)	(911)
Proceeds from disposals of property, plant and equipment	-	1
Acquisition of investment property via contra	-	(2,862)
Final shares consideration to non-controlling interest in regards of acquisition of a subsidiary	-	5,969
Interest received	1,309	1,295
Net cash generated from investing activities	97	4,101
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of revolving credit/term loans	(9,293)	(4,344)
Drawdown/(Repayment) of hire purchase and lease payables	275	(1,893)
(Repayment)/Drawdown of trade loan	(9,794)	279
(Repayment)/Drawdown of overdraft facilities	(70)	2,448
Proceed from exercise of employee share options	44	394
Dividends paid to owners	(4,748)	(1,578)
Dividends paid to non-controlling interest	(2,450)	-
Net cash used in financing activities	(26,036)	(4,694)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,010	19,994
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	89,436	67,720
Effects of exchange differences	437	(442)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	92,883	87,272
Cash and cash equivalents comprise:		
Cash and bank balances	42,223	52,373
Deposits with licensed bank	50,660	34,899
	92,883	87,272

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2021.

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 THIRD QUARTER ENDED 31 MARCH 2022

	Share Capital RM'000	Treasury Shares RM'000	Foreign Exchange Reserves RM'000	Revaluation Reserves RM'000	Share Option Reserves RM'000	Distributable Retained Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
31 March 2022									
At 1 July 2021	119,033	(1,287)	5,334	4,024	572	78,645	206,321	56,908	263,229
Other comprehensive income for the financial year	-	-	-	-	-	19,655	19,655	8,083	27,738
- Foreign currency translation reserve	-	-	(265)	-	-	-	(265)	666	401
Total comprehensive income for the financial year	-	-	(265)	-	-	19,655	19,390	8,749	28,139
Transaction with owners:									
- Exercise of employee share options	44	-	-	-	-	-	44	-	44
- Dividends paid on shares to owner of the company	-	-	-	-	-	(4,748)	(4,748)	-	(4,748)
- Dividends paid on shares to Non-controlling interest	-	-	-	-	-	-	-	(2,450)	(2,450)
At 31 March 2022	119,077	(1,287)	5,069	4,024	572	93,552	221,007	63,207	284,214
31 March 2021									
At 1 July 2020	112,264	(1,287)	5,516	4,024	670	55,240	176,427	45,672	222,099
Other comprehensive income for the financial year	-	-	-	-	-	23,181	23,181	7,814	30,995
- Foreign currency translation reserve	-	-	(519)	-	-	-	(519)	(53)	(572)
Total comprehensive income for the financial year	-	-	(519)	-	-	23,181	22,662	7,761	30,423
Transaction with owners:									
- Exercise of employee share options	394	-	-	-	-	-	394	-	394
- Final shares issued for acquisition of a subsidiary	5,969	-	-	-	-	-	5,969	-	5,969
- Dividends paid on shares to owner of the company	-	-	-	-	-	(1,578)	(1,578)	-	(1,578)
- Revaluation Reserve	-	-	-	3	-	-	3	-	3
At 31 March 2021	118,627	(1,287)	4,997	4,027	670	76,843	203,877	53,433	257,310

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 2021.

The accompanying notes are an integral part of this statement.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2022

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 2021.

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 2021.

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:

Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 16	Leases
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures

New IC Int

IC Int 23	Uncertainty over Income Tax Treatments
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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 THIRD QUARTER ENDED 31 MARCH 2022

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 not 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 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 [^] 1 January 2023 [#]
MFRS 3	Business Combinations	1 January 2020/ 1 January 2022/ 1 January 2023 [#]
MFRS 5	Non-current Assets Held for Sale and discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2023 [#]
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2022 [^] 1 January 2023 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
MFRS 16	Leases	1 January 2022 [^]
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2023/ 1 January 2023 [#]
MFRS 107	Statements of Cash Flows	1 January 2023 [#]
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023 [#]
MFRS 119	Employee Benefits	1 January 2023 [#]
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 [#]
MFRS 132	Financial Instruments: Presentation	1 January 2023 [#]
MFRS 136	Impairment of Assets	1 January 2023 [#]
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023 [#]
MFRS 138	Intangible Assets	1 January 2023 [#]
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2023 [#]
MFRS 141	Agriculture	1 January 2022 [^]

[^] The Annual Improvements to MFRS Standards 2018 - 2020

[#] Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2022

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:

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

Annual Improvements to MFRS Standards 2018–2020

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 *Financial Instruments* – clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combination

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments also update by replacing a reference to an old version of the *Conceptual Framework for Financial Reporting* with a reference to the latest version which was issued by MASB in April 2018.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2022

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:

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

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 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error

The amendments refine the definition by including ‘obscuring information’ in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company’s financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

Amendments to MFRS 101 Presentation of Financial Statements

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

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2022

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:

- (b) 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 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

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

2. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the financial statements for the financial year ended 30 June 2021 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.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2022

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) 17,225,986 ordinary shares were issued at an exercise price of 33.6 sen per share;
- ii) 3,360,312 ordinary shares were issued at an exercise price of 42.3 sen per share;
- iii) 450,150 ordinary shares were issued at an exercise price of 72.3 sen per share;
- iv) 100,000 ordinary shares were issued at an exercise price of 75.1 sen per share;
- and
- v) 1,230,000 ordinary shares were issues at an exercise price of 23.7 sen per share

Options to subscribe for 8,652,832 ordinary shares remain unexercised.

Treasury Shares

The number of treasury shares held as at 31 March 2022 is as follows: -

	No. of shares	Amount RM
Balance of treasury shares as at 1 July 2021	4,628,700	1,287,081
Add: Purchase of treasury shares during the year under review	-	-
Balance of treasury shares as at 31 March 2022	<u>4,628,700</u>	<u>1,287,081</u>

7. DIVIDENDS PAID

On 5 April 2022, the Company paid the First Interim Single-Tier dividend of 0.5 sen per ordinary share in respect of the financial year ending 30 June 2022 amounting to approximately of RM1.6m.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2022

8. SEGMENTAL INFORMATION

The segment information for the current period ended 31 March 2022 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	5,490	139,840	60,540	56,543	12,002	-	(20,722)	253,693
Profit/(Loss) before tax	3,443	13,085	2,760	17,092	1,946	(26)	(4,050)	34,250
Segment assets	117,891	169,287	67,337	128,944	38,021	10	(127,972)	393,518

9. CARRYING AMOUNT OF REVALUED ASSETS

Not Applicable.

10. SIGNIFICANT AND SUBSEQUENT EVENT

No material events subsequent to 31 March 2022 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.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2022

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	Preceding year corresponding quarter ended	Current period to-date ended	Preceding year corresponding period ended
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Facilities	52,002	43,499	139,840	139,087
Environment	20,198	18,386	56,543	53,956
Engineering	22,023	19,669	60,540	58,983
Investment holdings	1,980	480	5,490	4,950
Rail	4,795	4,244	12,002	11,739
Total	100,998	86,278	274,415	268,715
Less: Elimination	(7,236)	(5,636)	(20,722)	(21,816)
Consolidated Total	93,762	80,642	253,693	246,899

Profit/(Loss) before tax	Current quarter ended	Preceding year corresponding quarter ended	Current period to-date ended	Preceding year corresponding period ended
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Facilities	4,169	3,718	13,085	13,199
Environment	5,576	4,714	17,092	16,313
Engineering	1,288	1,734	2,760	6,674
Investment holdings	1,235	(194)	3,443	2,855
Rail	1,427	630	1,946	1,455
Others	(14)	(10)	(26)	(27)
Total	13,681	10,592	38,300	40,469
Less: Elimination	(1,500)	-	(4,050)	(3,510)
Consolidated Total	12,181	10,592	34,250	36,959

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2022

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.1 Facilities Division

Quarter on Quarter (“QoQ”)

Revenue for Q3/FY22 amounted to RM52.0m, compared to RM47.0m in Q2/FY22, an increase of RM5.0m/10.6%. Higher revenue recorded in the current quarter under review was mainly attributable to increase in recognition of CARP revenue by RM4.5m as well as recognition of revenue for 2 new sites in healthcare segments.

Despite increase the revenue in the current quarter under review, the division’s PBT decrease by RM1.3m/23.6% from RM5.5m in Q2/FY22 to RM4.2m in Q3/FY22, mainly attributable to the austerity initiatives undertaken by the division to manage costs in the preceding quarter.

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q3/FY22 was higher by RM8.5m/19.5% against the preceding year’s corresponding quarter Q3/FY21 mainly attributable to higher CARP revenue recognition by RM5.4m as well as recognition revenue of 2 new sites in healthcare segments.

Arising from the above, the division recorded a PBT of RM4.2m in the current quarter under review Q3/FY22 as compared to a PBT of RM3.7m in Q3/FY21, an increase of RM0.5m/13.5%.

13.2 Environment Division

QoQ

The division’s revenue for the quarter under review Q3/FY22 amounted to RM20.2m compared to the immediate preceding quarter Q2/FY22, at RM22.9m. The decrease of RM2.7m/11.8% was largely due to slower progress of projects undertaken by the Middle East region during the current quarter under review.

Consequent to the lower revenue and lower recovery of impaired receivables, PBT decreased by RM4.4m/44% in the current quarter under review Q3/FY22 compared to immediate preceding quarter Q2/FY22.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2022

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.2 Environment Division(continued)

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q3/FY22 was RM20.2m vs RM18.4m in Q3/FY21, an increase of RM1.8m/9.8% mainly attributable to better projects progress in the Middle East and Malaysia regions.

Consequent to the above, the PBT increased by RM0.9m/19.1% in the current quarter under review Q3/FY22 compared to preceding year corresponding quarter Q3/FY21.

13.3 Engineering Division

QoQ

The revenue for Q3/FY22 amounted to RM22.0m compared to RM21.3m in Q2/FY22, a marginal increase of RM0.7m/3.3% which was attributable to better projects progress undertaken by the Singapore Aircond segment in the current quarter under review.

A higher PBT of RM1.3m was recorded in Q3/FY22 vs RM0.7m in the immediate preceding quarter Q2/FY22, an increase of RM0.6m/85.7% which was mainly attributable to the accounting for a one-time foreseeable loss charge of RM1.7m in the preceding quarter by the Singapore Aircond segment.

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q3/FY22 was RM22.0m vs RM19.7m in Q3/FY21, an increase of RM2.3m/11.7%. Higher revenue recorded was mainly attributable to better project progress undertaken by the Plumbing segment during the quarter under review.

The division recorded a PBT of RM1.3m in Q3/FY22 vs PBT of RM1.7m in Q3/FY21, a marginal decrease of RM0.4m/23.5% mainly due to lower margins from Plumbing segment projects as well as lower recovery of impaired receivables during current quarter under review.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2022

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.4 Rail Division

QoQ

Revenue for Q3/FY22 was RM4.8m compared to RM3.9m in Q2/FY22, an increase of RM0.9m/23.1% attributable to better project progress and order fulfillments by the division during the current quarter under review.

Arising from the above, the PBT increased by RM0.9m/>100% from RM0.5m in Q2/FY22 to RM1.4m in Q3/FY22.

Current quarter vs preceding year corresponding quarter

The revenue in Q3/FY22 was RM4.8m compared to RM4.2m in Q3/FY21, a marginal increase of RM0.6m/14.3%.

The division recorded a PBT of RM1.4m in Q3/FY22 vs RM0.6m in Q3/FY21, an increase of RM0.8m/>100% mainly due to better product mix during the quarter under review.

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

	Current quarter ended 31 March 2022	Preceding quarter ended 31 December 2021	Favorable/ (Adverse) Variance
	RM'000	RM'000	RM'000
Revenue	93,762	90,080	3,682
Profit before taxation and zakat	12,181	16,454	(4,273)

On a QoQ basis, revenue increased by RM3.7m/4.1% largely due to the better revenue recognition and project progress by the business divisions as explained above.

Despite higher revenue, the Group recorded a PBT of RM12.2m in the current quarter under review compared to a PBT of RM16.5m in the immediate preceding quarter, a decrease of RM4.3m/26.1%. The decrease was mainly due to the austerity initiatives undertaken by the facilities division in the immediate preceding quarter, to manage the division's costs amounting to RM2.2m as well as a higher reversal of impairment of receivables by Environment division of RM1.7m (Q3/FY22: RM0.5m)

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2022

15. COMMENTARY ON PROSPECTS

With one final quarter remaining for the current financial year, the Board remains cautiously optimistic of the Group's financial performance which is expected to be underpinned by its orderbook of more than RM800 million.

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 continue contributing 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 continue contributing positively to the Group.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2022

15. COMMENTARY ON PROSPECTS (CONTINUED)

15.3 Engineering Division

Air conditioning segment

As projects undertaken by this segment have largely entered 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 projects undertaken by the segment remaining on track, these are expected to contribute positively to the Group's earnings over the next three financial years. The segment is actively pursuing value engineering propositions to its clients to mitigate higher cost of materials currently experienced in its procurement processes.

15.4 Rail Division

The division continues to actively pursue rail related projects and procurement opportunities domestically as well as regionally and remain well poised with the agencies and principal representations it holds.

16. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable.

17. INCOME TAX EXPENSE

	Current quarter ended 31 March 2022 RM'000	Period to date ended 31 March 2022 RM'000
Profit before taxation and zakat	12,181	34,250
Income tax expense for the year	(2,148)	(6,422)
Effective tax rate	17.6%	18.8%

Domestic income tax is calculated at Malaysian statutory income tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions whilst the income from operations in Abu Dhabi are exempted from tax. During the financial period, the income tax rate applicable to the subsidiaries in Singapore was 17% (2021: 17%).

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2022

18. CORPORATE PROPOSALS

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

19. BORROWINGS

	As at 31 March 2022 RM'000	As at 31 March 2021 RM'000
Secured short-term borrowings:		
Term loan	2,717	4,073
Revolving credit	3,000	8,500
Trade loan	1,851	3,404
Bank Overdraft	2,375	2,448
Total short-term borrowings	<u>9,943</u>	<u>18,425</u>
Secured long-term borrowings:		
Term loan	3,922	10,731
Total long-term borrowings	<u>3,922</u>	<u>10,731</u>
Total borrowings	<u>13,865</u>	<u>29,156</u>

All the above borrowings are denominated in Ringgit Malaysia except for the trade loan and bank overdraft are 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

On 24 February 2022, the Company had declared the first interim single tier dividend of 0.5 sen per ordinary share in respect of the financial year ending 30 June 2022 (2021: 0.5 sen) which was paid on 5 April 2022. Other than this, no dividend has been paid and declared in the current quarter.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2022

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 31 March 2022	Period to date ended 31 March 2022
Profit attributable to owners of the Company (RM'000)	7,068	19,655
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	316,609	316,528
Basic earnings per share (sen)	<u>2.23</u>	<u>6.21</u>

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 31 March 2022 RM'000
Total retained profits of the Company and its subsidiaries:	
- Realised	181,989
- Unrealised	<u>2,869</u>
	184,858
Less: Consolidation adjustments	<u>(91,306)</u>
Total group retained profit as per consolidated accounts	<u>93,552</u>

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2022

24. ITEMS INCLUDED IN CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit from operations is for the current quarter and period to-date ended 31 March 2022 is stated after charging / (crediting) the following items:

	Current quarter ended 31 March 2022 RM'000	Period to date ended 31 March 2022 RM'000
Impairment losses on trade receivables	67	311
Interest income	(430)	(1,309)
Other income	(523)	(1,776)
Reversal of impairment on receivables	(461)	(2,207)
Interest expense	498	1,261
Depreciation and amortization	987	2,954
Foreign exchange gain	(76)	(126)

25. AUTHORISATION FOR ISSUE

This interim financial report has been approved by the Board of Directors of the Company for issuance on 19 May 2022.