

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT PERIOD QUARTER 30/9/2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2022 RM'000	CURRENT PERIOD TO DATE 30/9/2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2022 RM'000
Revenue	13	88,836	96,279	88,836	96,279
Cost of sales		(71,408)	(74,821)	(71,408)	(74,821)
Gross profit		17,428	21,458	17,428	21,458
Other operating income		401	217	401	217
Other operating expenses		(14,383)	(13,324)	(14,383)	(13,324)
Profit from operations		3,446	8,351	3,446	8,351
Finance income, net		359	257	359	257
Profit before taxation	13	3,805	8,608	3,805	8,608
Taxation	17	(1,196)	(1,935)	(1,196)	(1,935)
Zakat		(30)	(30)	(30)	(30)
Profit after taxation for the financial period		2,579	6,643	2,579	6,643
Other comprehensive income:					
Foreign currency translation differences		77	1,413	77	1,413
Total comprehensive income for the financial period		2,656	8,056	2,656	8,056
Profit attributable to:					
Owners of the Company		467	5,235	467	5,235
Non-controlling interests		2,112	1,408	2,112	1,408
		2,579	6,643	2,579	6,643
Total comprehensive income attributable to:					
Owners of the Company		476	6,076	476	6,076
Non-controlling interests		2,180	1,980	2,180	1,980
		2,656	8,056	2,656	8,056
Basic earnings per share (sen)	22	0.15	1.65	0.15	1.65

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2023.

The accompanying notes are an integral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023**

	(Unaudited)	(Audited)
	AS AT	AS AT
Note	30/9/2023	30/6/2023
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	17,855	17,843
Investment properties	6,463	6,463
Intangible assets	31,440	31,440
Deferred tax assets	4,352	6,397
Right of use assets	3,296	3,736
	63,406	65,879
CURRENT ASSETS		
Inventories	29,900	34,788
Tax recoverable	13,175	10,506
Other receivables	27,125	20,533
Trade receivables	132,478	138,258
Contract assets	38,649	46,053
Due from associates	195	184
Short term investment	12,715	7,828
Deposits with licensed banks, cash and bank balances	121,800	119,474
	376,037	377,624
TOTAL ASSETS	439,443	443,503
EQUITY AND LIABILITIES		
Equity		
Share capital	119,699	119,697
Treasury shares	(1,287)	(1,287)
Foreign exchange reserve	9,283	9,274
Revaluation reserve	4,438	4,438
Share option reserve	64	64
Retained profits	92,057	91,590
Equity attributable to owners of the Company	224,254	223,776
Non-controlling interests	75,044	72,864
Total Equity	299,298	296,640
NON-CURRENT LIABILITIES		
Other payables	352	353
Long term borrowings	19 992	1,535
Deferred tax liabilities	-	29
Lease liabilities	2,285	1,322
	3,629	3,239
CURRENT LIABILITIES		
Other payables	40,054	28,446
Trade payables	45,275	64,174
Employee benefits	1,455	1,408
Provision for taxation	1,895	1,899
Short term borrowings	19 34,154	20,103
Contract liabilities	12,860	25,558
Lease liabilities	823	2,036
	136,516	143,624
TOTAL LIABILITIES	140,145	146,863
TOTAL EQUITY AND LIABILITIES	439,443	443,503
NET ASSETS PER SHARE (SEN)	70.6	70.5

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2023.

The accompanying notes are an integral part of this statement.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

	CURRENT YEAR TO DATE 30/9/2023 RM'000	PREVIOUS YEAR TO DATE 30/9/2022 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	3,805	8,608
Adjustments for:		
Allowance for impairment losses on trade receivables	31	39
Allowance for slow moving inventories	31	48
Reversal of impairment on receivables	(17)	(75)
Depreciation of property, plant and equipment	739	512
Depreciation of right of use asset	433	527
Gain on disposal of property, plant and equipment	(43)	(42)
Unrealised gain on foreign exchange	(2)	(27)
Finance income, net	(359)	(257)
Operating profit before working capital changes	4,618	9,333
Decrease/(Increase) in inventories	4,857	(385)
Decrease/(Increase) in receivables	6,579	(3,366)
Decrease in payables	(19,933)	(6,545)
Increase in amount owing by an associate	(11)	(25)
Cash used in operations	(3,890)	(988)
Interest paid	(177)	(161)
Taxes paid	(1,853)	(2,863)
Zakat paid	(30)	(30)
Net cash used in operating activities	(5,950)	(4,042)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Placement)/Withdrawal of short term investment	(4,888)	922
Purchase of property, plant and equipment	(751)	(644)
Proceeds from disposals of property, plant and equipment	43	42
Interest received	536	418
Net cash (used in)/generated from investing activities	(5,060)	738
CASH FLOWS FOR FINANCING ACTIVITIES		
Drawdown/(Repayment) of revolving credit/term loans	12,707	(3,367)
Repayment of hire purchase and lease payables	(628)	(31)
Drawdown/(Repayment) of trade loan	1,359	(1,911)
(Repayment)/Drawdown of overdraft facilities	(181)	556
Proceed from exercise of employee share options	2	12
Net cash generated from/(used in) financing activities	13,259	(4,741)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,249	(8,045)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	119,474	112,945
Effects of exchange differences	77	1,442
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	121,800	106,342
Cash and cash equivalents comprise:		
Cash and bank balances	67,966	46,056
Deposits with licensed bank	53,834	60,286
	121,800	106,342

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2023.

The accompanying notes are an integral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023**

	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
30 September 2023									
At 1 July 2023	119,697	(1,287)	9,274	4,438	64	91,590	223,776	72,864	296,640
Other comprehensive income for the financial year	-	-	-	-	-	467	467	2,112	2,579
- Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-
- Foreign currency translation reserve	-	-	9	-	-	-	9	68	77
Total comprehensive income for the financial year	-	-	9	-	-	467	476	2,180	2,656
Transaction with owners:									
- Exercise of employee share options	2	-	-	-	-	-	2	-	2
At 30 September 2023	119,699	(1,287)	9,283	4,438	64	92,057	224,254	75,044	299,298
30 September 2022									
At 1 July 2022	119,151	(1,287)	6,489	4,117	361	95,684	224,515	65,056	289,571
Other comprehensive income for the financial year	-	-	-	-	-	5,235	5,235	1,408	6,643
- Foreign currency translation reserve	-	-	841	-	-	-	841	572	1,413
Total comprehensive income for the financial year	-	-	841	-	-	5,235	6,076	1,980	8,056
Transaction with owners:									
- Exercise of employee share options	12	-	-	-	-	-	12	-	12
At 30 September 2022	119,163	(1,287)	7,330	4,117	361	100,919	230,603	67,036	297,639

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 2023.

The accompanying notes are an integral part of this statement.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

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 2023.

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 2023.

Adoption of amendments/improvements to MFRSs

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

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting
MFRS 3	Standards
MFRS 9	Business Combinations
MFRS 16	Financial Instruments
MFRS 116	Leases
MFRS 137	Property, Plant and Equipment Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above amendments/improvements to MFRSs 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 FIRST QUARTER ENDED 30 SEPTEMBER 2023

1. BASIS OF PREPARATION (CONTINUED)

New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

<u>New MFRS</u>		Effective for financial periods beginning on or after
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 2023 [#]
MFRS 3	Business Combinations	1 January 2023 [#]
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2023 [#] / 1 January 2024
MFRS 9	Financial Instruments	1 January 2023 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 [#] / 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023 [#] / 1 January 2024
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023 [#]
MFRS 119	Employee Benefits	1 January 2023 [#]
MFRS 121	The Effects of Changes in Foreign Exchange Rate	1 January 2025
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 2023 [#]
MFRS 138	Intangible Assets	1 January 2023 [#]
MFRS 140	Investment Property	1 January 2023 [#]

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

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

1. BASIS OF PREPARATION (CONTINUED)**New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd):**

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective.
- (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 2023 was not subject to any audit qualification.

3. SEASONAL OR CYCLICAL FACTORS

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

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

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

5. CHANGE IN ESTIMATES

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

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

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) 17,467,286 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) 2,440,000 ordinary shares were issues at an exercise price of 23.7 sen per share

Options to subscribe for 12,894,982 ordinary shares remain unexercised.

Treasury Shares

The number of treasury shares held as at 30 September 2023 is as follows: -

	No. of shares	Amount RM
Balance of treasury shares as at 1 July 2023	4,628,700	1,287,081
Add: Purchase of treasury shares during the year under review	-	-
Balance of treasury shares as at 30 September 2023	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 period ended 30 September 2023 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	480	47,426	20,782	22,719	3,788	-	(6,359)	88,836
Profit/(Loss) before tax	(120)	(3,226)	2,074	5,086	8	(17)	-	3,805
Segment assets	129,715	188,342	65,466	155,040	37,885	10	(137,015)	439,443

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

9. CARRYING AMOUNT OF REVALUED ASSETS

Not Applicable.

10. SIGNIFICANT AND SUBSEQUENT EVENT

No material events subsequent to 30 September 2023 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 FIRST QUARTER ENDED 30 SEPTEMBER 2023

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
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Facilities	47,426	57,931	47,426	57,931
Environment	22,719	19,362	22,719	19,362
Engineering	20,782	21,724	20,782	21,724
Investment holdings	480	510	480	510
Rail	3,788	2,394	3,788	2,394
Total	95,195	101,921	95,195	101,921
Less: Elimination	(6,359)	(5,642)	(6,359)	(5,642)
Consolidated Total	88,836	96,279	88,836	96,279

Profit/(Loss) before tax	Current quarter ended	Preceding year corresponding quarter ended	Current period to-date ended	Preceding year corresponding period ended
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Facilities	(3,226)	3,456	(3,226)	3,456
Environment	5,086	3,888	5,086	3,888
Engineering	2,074	1,876	2,074	1,876
Investment holdings	(120)	(126)	(120)	(126)
Rail	8	(474)	8	(474)
Others	(17)	(12)	(17)	(12)
Total	3,805	8,608	3,805	8,608
Less: Elimination	-	-	-	-
Consolidated Total	3,805	8,608	3,805	8,608

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.1 Facilities Division

Quarter on Quarter (“QoQ”)

Revenue for Q1/FY24 amounted to RM47.4m, compared to RM41.6m in Q4/FY23, an increase of RM5.8m/14.0%. The increase was due to higher CARP recognition as well as additional works performed under the concession segment.

Despite the higher revenue, the division recorded a LBT of RM3.2m in Q1/FY24 as compared to LBT of RM14.3m in Q4/FY23. Although the higher loss in Q4/FY23 was attributable to impairment loss on receivables (RM4.5m), higher electricity cost recorded (RM0.7m), costs of unscheduled works (RM2.7m) as well as other operational deficiencies, the lower LBT during the quarter under review is testament to Management’s ongoing operational and cost review initiatives bearing fruit.

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q1/FY24 was lower by RM10.5m/18.1% against the preceding year’s corresponding quarter Q1/FY23 due to lower CARP recognition (RM0.9m vs RM4.8m), lower additional works under the concession segment (RM2.6m vs RM7.2m) as well as completion of several projects under the commercial segment.

Consequent to the lower revenue as well as ongoing operational challenges, the division recorded a LBT of RM3.2m in the current quarter under review Q1/FY24 as compared to PBT of RM3.4m in Q1/FY23, a decrease of RM6.6m/>-100%.

13.2 Environment Division

QoQ

The division’s revenue for the quarter under review Q1/FY24 amounted to RM22.7m compared to the immediate preceding quarter Q4/FY23, at RM27.1m. The decrease of RM4.4m/16.3% was largely due lower project progress in the UAE segment.

Despite of lower revenue, the division recorded a PBT of RM5.1m in the current quarter under review Q1/FY24 as compared to PBT of RM4.7m in Q4/FY23, an increase of RM0.4m/6.7%.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.2 Environment Division(continued)

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q1/FY24 was RM22.7m vs RM19.4m in Q1/FY23, an increase of RM3.3m/17.3% mainly attributable to better projects progress in the Malaysia and UAE region during the quarter under review.

Arising from above, PBT increased by RM1.2m/30.8% in the current quarter under review Q1/FY24 as compared to preceding year corresponding quarter Q1/FY23.

13.3 Engineering Division

QoQ

The revenue for Q1/FY24 amounted to RM20.8m compared to RM20.5m in Q4/FY23, an increase of RM0.3m/1.4% mainly due to higher revenue recognized under the Plumbing segment.

The division recorded a PBT of RM2.1m in Q1/FY24 vs LBT of RM1.5m in Q4/FY23, an increase of RM3.6m/>100% mainly due to recognition of impairment losses on contract asset and trade receivables of RM3.2m and RM1.0m respectively as well as slow moving inventories of RM0.3m in Q4/FY23.

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q1/FY24 was RM20.8m vs RM21.7m in Q1/FY23, a slightly decrease of RM0.9m/4.3%. The lower revenue recorded was mainly attributable to the lower revenue from the Plumbing segment during the current quarter under review.

Despite of lower revenue, the division recorded PBT of RM2.1m during the quarter under review Q1/FY24 as compared to PBT of RM1.9m in Q1/FY23.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.4 Rail Division

QoQ

The Division recorded a lower revenue for Q1/FY24 of RM3.8m compared to RM8.2m in Q4/FY23, a decrease of RM4.4m/53.9% due to lower order fulfilment and project deliverables during the quarter under review.

Despite of lower revenue, the division recorded a PBT of RM8k as compared to LBT of RM2.9m in Q4/FY23, an increase of RM2.9m/100% mainly due to the impairment of receivables of RM4.6m recognized in Q4/FY23.

Current quarter vs preceding year corresponding quarter

The revenue in Q1/FY24 was RM3.8m compared to RM2.4m in Q1/FY23, an increase of RM1.4m/58.2%.

Consequent to the higher revenue, the division recorded a PBT of RM8k in Q1/FY24 vs LBT of RM474k in Q1/FY23, an increase of RM482k/>100% in the current quarter.

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

	Current quarter ended 30 September 2023	Preceding quarter ended 30 June 2023	Favorable/ (Adverse) Variance
	RM'000	RM'000	RM'000
Revenue	88,836	91,531	(2,695)
Profit before taxation and zakat	3,805	(15,639)	19,444

On a QoQ basis, revenue decreased by RM2.7m/2.9% largely due to the Rail and Environment division.

Arising from the above as well as points highlighted under the respective business divisions, the Group managed to report a PBT of RM3.8m compared to a LBT of RM15.6m in the immediate preceding quarter which had accounted for impairment loss on goodwill (RM3.9m) and loss on dissolution of a subsidiary (RM0.5m).

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

15. COMMENTARY ON PROSPECTS

For the quarter under review, the Board is pleased to see a narrowing of the Facilities division's LBT and remains cautiously optimistic for the division's turnaround to be realised during the current financial year. Nevertheless, the Board is confident that the performance of the other business divisions will continue to underpin the Group's overall financial performance for the remaining quarters of the current financial year.

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 FIRST QUARTER ENDED 30 SEPTEMBER 2023

15. COMMENTARY ON PROSPECTS (CONTINUED)

15.3 Engineering Division

Air conditioning segment

As projects undertaken by this segment's Malaysian operation 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.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

17. INCOME TAX EXPENSE

	Current quarter ended 30 September 2023 RM'000	Period to date ended 30 September 2023 RM'000
Profit before taxation and zakat	3,805	3,805
Income tax expense for the year	(1,196)	(1,196)
Effective tax rate	31%	31%

Domestic income tax is calculated at Malaysian statutory income tax rate of 24% (2022: 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% (2022: 17%).

18. CORPORATE PROPOSALS

Save as disclosed below, there were no other corporate proposals announced but not completed at the date of this report.

- (a) On 14 September 2023, the Company announced that AWC had on 14 September 2022 entered into a conditional share sale and purchase agreement to undertake the proposed acquisitions of the following:
- i. the remaining 49% equity interest in Stream Group Sdn Bhd not already owned by AWC from Premium NXL Sdn Bhd (“PNSB”); and
 - ii. 51% equity interest in Premium Patents Sdn Bhd from PNSB and Premium Deluxe Sdn Bhd,

for a total cash consideration of RM110,000,001.

An Extraordinary General Meeting EGM has been scheduled to be convened on 13 December 2023 for the purpose of considering the above.

- (b) On 9 October 2023, the Company served a written notice to Trakniaga Sdn Bhd (“Trakniaga”) to exercise the Call Option by requiring Trakniaga to dispose of all the remaining ordinary shares in Trackwork & Supplies Sdn Bhd in accordance with the term and conditions of the Shareholders’ Agreement dated 28 February 2018 for a consideration of RM5,477,847.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

19. BORROWINGS

	As at 30 September 2023 RM'000	As at 30 September 2022 RM'000
Secured short-term borrowings:		
Term loan	707	2,372
Hire Purchase	755	-
Revolving credit	26,400	2,000
Trade loan	3,854	397
Bank Overdraft	2,438	2,536
Total short-term borrowings	<u>34,154</u>	<u>7,305</u>
Secured long-term borrowings:		
Term loan	992	2,779
Total long-term borrowings	<u>992</u>	<u>2,779</u>
Total borrowings	<u>35,146</u>	<u>10,084</u>

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

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

20. MATERIAL LITIGATION

Other than appended below, there is no material litigation which may materially affect the Group for the current quarter under review.

Trackwork & Supplies Sdn. Bhd. (“the Claimant”), a subsidiary of the Company, had through its solicitors, Messrs. Gan Partnership in their letter dated 25 April 2023 requested to commence an arbitration between the Claimant and Emrail Sdn. Bhd. (“the Respondent”) made pursuant to Rule 7 of the Arbitration Rules of the Asian International Arbitration Centre. The Claimant’s claim is based on the purchase orders issued by the Respondent to the Claimant (‘the Contract’) whereby the Claimant had supplied and delivered materials or goods to the Respondent for a project in relation to restoration of track and slope stabilisation, track rehabilitation and associated works. The Claimant is seeking for an order that the Respondent pay the sum of RM2,163,420.00 to the Claimant and/or any order of loss, cost, expenses and/or damages suffered by the Claimant arising from the default in payment by the Respondent. Dispute has arisen between the Claimant and the Respondent under the Contract with regard to the payment by Respondent in respect of the Invoices issued by the Claimant. Notice to arbitrate has been issued by the Claimant’s solicitors and the Respondent through its solicitors have responded to the notice to arbitrate.

The hearing date for the arbitration has yet to be fixed. However, there is a hearing on 19 December 2023 for taking evidence on preliminary objection raised by the Respondent that the pre-conditions for arbitration have not been fulfilled. The solicitors for the Claimant are of the opinion that there is a fair chance for the Claimant to sustain its claim against the Respondent.

The Company will make further announcement if there is any material update on the aforesaid arbitration.

21. DIVIDEND DECLARED

No dividend has been declared in the current quarter.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

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 September 2023	Period to date ended 30 September 2023
Profit attributable to owners of the Company (RM'000)	467	467
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	317,486	317,486
Basic earnings per share (sen)	0.15	0.15

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 September 2023 RM'000
Total retained profits of the Company and its subsidiaries:	
- Realised	194,307
- Unrealised	4,304
	198,611
Less: Consolidation adjustments	(106,554)
Total group retained profit as per consolidated accounts	92,057

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

24. ITEMS INCLUDED IN CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit from operations is for the current quarter and period to-date ended 30 September 2023 is stated after charging / (crediting) the following items:

	Current quarter ended 30 September 2023 RM'000	Period to date ended 30 September 2023 RM'000
Depreciation and amortisation	1,172	1,172
Foreign exchange gain	(17)	(17)
Gain on disposal of property, plant and equipment	(43)	(43)
Interest income	(536)	(536)
Interest expense	177	177
Impairment losses on trade receivables	31	31
Reversal of impairment on trade receivables	(17)	(17)
Stock written off	31	31
Other income	(279)	(279)

25. AUTHORISATION FOR ISSUE

This interim financial report has been approved by the Board of Directors of the Company for issuance on 28 November 2023.