

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT PERIOD QUARTER 30/9/2024 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2023 RM'000	CURRENT YEAR TO DATE 30/9/2024 RM'000	PRECEDING YEAR CORRESPONDING YEAR 30/9/2023 RM'000
Revenue	13	94,366	88,836	94,366	88,836
Cost of sales		(71,066)	(71,408)	(71,066)	(71,408)
Gross profit		23,300	17,428	23,300	17,428
Other operating income		846	401	846	401
Other operating expenses		(15,767)	(14,383)	(15,767)	(14,383)
Profit from operations		8,379	3,446	8,379	3,446
Finance income, net		(641)	359	(641)	359
Profit before taxation	13	7,738	3,805	7,738	3,805
Taxation	17	(1,469)	(1,196)	(1,469)	(1,196)
Zakat		(30)	(30)	(30)	(30)
Profit after taxation for the financial period		6,239	2,579	6,239	2,579
Other comprehensive income:					
Foreign currency translation differences		(8,084)	77	(8,084)	77
Total comprehensive income for the financial period		(1,845)	2,656	(1,845)	2,656
Profit attributable to:					
Owners of the Company		6,239	467	6,239	467
Non-controlling interests		-	2,112	-	2,112
		6,239	2,579	6,239	2,579
Total comprehensive income attributable to:					
Owners of the Company		(1,845)	476	(1,845)	476
Non-controlling interests		-	2,180	-	2,180
		(1,845)	2,656	(1,845)	2,656
Basic earnings per share (sen)	22	1.92	0.15	1.91	0.15

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2024.

The accompanying notes are an integral part of this statement.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024

		(Unaudited)	(Audited)
	Note	AS AT 30/9/2024 RM'000	AS AT 30/6/2024 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment		18,742	19,130
Investment properties		5,900	5,900
Intangible assets		31,440	31,439
Deferred tax assets		4,481	4,930
Right of use assets		3,549	3,961
		64,112	65,360
CURRENT ASSETS			
Inventories		26,000	29,389
Tax recoverable		12,772	12,223
Other receivables		35,443	33,377
Trade receivables		106,003	124,181
Contract assets		52,518	51,109
Short term investment		17,860	6,769
Deposits with licensed banks, cash and bank balances		110,379	119,238
		360,975	376,286
TOTAL ASSETS		425,087	441,646
EQUITY AND LIABILITIES			
Equity			
Share capital		127,733	126,504
Treasury shares		(1,287)	(1,287)
Foreign exchange reserve		1,791	9,875
Revaluation reserve		4,496	4,496
Share option reserve		450	450
Retained profits		77,837	71,598
		211,020	211,636
Equity attributable to owners of the Company		211,020	211,636
Non-controlling interests		-	-
Total Equity		211,020	211,636
NON-CURRENT LIABILITIES			
Loans and borrowings	19	59,960	62,578
Deferred tax liabilities		-	19
		59,960	62,597
CURRENT LIABILITIES			
Other payables		44,936	22,378
Trade payables		46,731	69,104
Employee benefits		1,324	1,475
Provision for taxation		2,036	2,387
Loans and borrowings	19	39,439	44,357
Contract liabilities		19,641	27,712
		154,107	167,413
TOTAL LIABILITIES		214,067	230,010
TOTAL EQUITY AND LIABILITIES		425,087	441,646
NET ASSETS PER SHARE (SEN)		64.6	65.4

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2024.

The accompanying notes are an integral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024**

	CURRENT YEAR TO DATE 30/9/2024 RM'000	PREVIOUS YEAR TO DATE 30/9/2023 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	7,738	3,805
Adjustments for:		
Allowance for impairment losses on trade receivables	571	31
Allowance for slow moving inventories	51	31
Reversal of impairment on receivables	(21)	(17)
Depreciation of property, plant and equipment	830	739
Depreciation of right of use asset	516	433
Property, plant and equipment written off	5	-
Gain on disposal of property, plant and equipment	(260)	(43)
Unrealised loss/(gain) on foreign exchange	132	(2)
Finance income, net	640	(359)
Operating profit before working capital changes	10,202	4,618
Decrease in inventories	3,337	4,857
Decrease in receivables	14,153	6,579
Decrease in payables	(7,903)	(19,933)
Increase in amount owing by an associate	(4)	(11)
Cash generated from/(used in) operations	19,785	(3,890)
Interest paid	(1,243)	(177)
Taxes paid	(1,939)	(1,853)
Zakat paid	(30)	(30)
Net cash generated from/(used in) operating activities	16,573	(5,950)
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of short term investment	(11,091)	(4,888)
Purchase of property, plant and equipment	(681)	(751)
Proceeds from disposals of property, plant and equipment	260	43
Interest received	603	536
Net cash used in investing activities	(10,909)	(5,060)
CASH FLOWS FOR FINANCING ACTIVITIES		
(Repayment)/Drawdown of revolving credit/term loans	(868)	12,707
Repayment of hire purchase and lease payables	(785)	(628)
(Repayment)/Drawdown of trade loan	(5,878)	1,359
Repayment of overdraft facilities	(5)	(181)
Proceed from exercise of employee share options	1,229	2
Net cash (used in)/ generated from financing activities	(6,307)	13,259
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(643)	2,249
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	119,238	119,474
Effects of exchange differences	(8,216)	77
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	110,379	121,800
Cash and cash equivalents comprise:		
Cash and bank balances	43,639	67,966
Deposits with licensed bank	66,740	53,834
	110,379	121,800

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2024.

The accompanying notes are an integral part of this statement.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024

	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
<u>30 September 2024</u>									
At 1 July 2024	126,504	(1,287)	9,875	4,496	450	71,598	211,636	-	211,636
Other comprehensive income for the financial year	-	-	-	-	-	6,239	6,239	-	6,239
- Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-
- Foreign currency translation reserve	-	-	(8,084)	-	-	-	(8,084)	-	(8,084)
Total comprehensive income for the financial year	-	-	(8,084)	-	-	6,239	(1,845)	-	(1,845)
Transaction with owners:									
- Exercise of employee share options	1,229	-	-	-	-	-	1,229	-	1,229
- Share options lapsed	-	-	-	-	-	-	-	-	-
- Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-
- Dividends paid on shares to owner of the company	-	-	-	-	-	-	-	-	-
At 30 September 2024	127,733	(1,287)	1,791	4,496	450	77,837	211,020	-	211,020
<u>30 September 2023</u>									
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
- 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

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 2024.

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 2024**

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 2024.

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 2024.

Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments to MFRSs for the current financial year:

Amendments to MFRSs

MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 112	Income Taxes

The adoption of the above amendments 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 2024

1. BASIS OF PREPARATION (CONTINUED)

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

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

<u>New MFRS</u>		Effective for financial periods beginning on or after
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
 <u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2024/ 1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2024/ 1 January 2026
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

The Group and the Company plan to adopt the above applicable new MFRSs and amendments to MFRSs when they become effective.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 30 June 2024 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 FIRST QUARTER ENDED 30 SEPTEMBER 2024

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) 18,540,686 ordinary shares were issued at an exercise price of 33.6 sen per share;
- ii) 3,902,012 ordinary shares were issued at an exercise price of 42.3 sen per share;
- iii) 899,150 ordinary shares were issued at an exercise price of 72.3 sen per share;
- iv) 300,000 ordinary shares were issued at an exercise price of 75.1 sen per share;
- v) 3,285,000 ordinary shares were issued at an exercise price of 23.7 sen per share;
- vi) 2,032,000 ordinary shares were issued at an exercise price of 41.8 sen per share;
- and
- vii) 145,000 ordinary shares were issued at an exercise price of 51.2 sen per share.

Options to subscribe for 9,774,860 ordinary shares remain unexercised.

Treasury Shares

The number of treasury shares held as at 30 September 2024 is as follows: -

	No. of shares	Amount RM
Balance of treasury shares as at 1 July 2024	4,628,700	1,287,081
Add: Purchase of treasury shares during the year under review	-	-
Balance of treasury shares as at 30 September 2024	<u>4,628,700</u>	<u>1,287,081</u>

7. DIVIDENDS PAID

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

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024

8. SEGMENTAL INFORMATION

The segment information for the current period ended 30 September 2024 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	4,271	53,942	19,877	21,524	6,789	-	(12,037)	94,366
Profit/(Loss) before tax	2,479	290	2,151	5,311	1,271	(14)	(3,750)	7,738
Segment assets	245,799	186,961	62,431	138,199	52,351	10	(260,664)	425,087

9. CARRYING AMOUNT OF REVALUED ASSETS

Not Applicable.

10. SIGNIFICANT AND SUBSEQUENT EVENT

No material events subsequent to 30 September 2024 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

No material events subsequent to 30 September 2024 to the date of this report that have not been reflected in the financial statements for current financial period.

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

AWC BERHAD

(Company No. 550098-A)



EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024

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	Preceding year	Current period	Preceding year
	ended	corresponding	to-date ended	corresponding
	30 September	quarter ended	30 September	period ended
	2024	30 September	2024	30 September
	RM'000	2023	RM'000	2023
	RM'000	RM'000	RM'000	RM'000
Facilities	53,942	47,426	53,942	47,426
Environment	21,524	22,719	21,524	22,719
Engineering	19,877	20,782	19,877	20,782
Investment holdings	4,271	480	4,271	480
Rail	6,789	3,788	6,789	3,788
Total	106,403	95,195	106,403	95,195
Less: Elimination	(12,037)	(6,359)	(12,037)	(6,359)
Consolidated Total	94,366	88,836	94,366	88,836

Profit/(Loss) before tax	Current quarter	Preceding year	Current period	Preceding year
	ended	corresponding	to-date ended	corresponding
	30 September	quarter ended	30 September	period ended
	2024	30 September	2024	30 September
	RM'000	2023	RM'000	2023
	RM'000	RM'000	RM'000	RM'000
Facilities	290	(3,226)	290	(3,226)
Environment	5,311	5,086	5,311	5,086
Engineering	2,151	2,074	2,151	2,074
Investment holdings	2,479	(120)	2,479	(120)
Rail	1,271	8	1,271	8
Others	(14)	(17)	(14)	(17)
Total	11,488	3,805	11,488	3,805
Less: Elimination	(3,750)	-	(3,750)	-
Consolidated Total	7,738	3,805	7,738	3,805

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)**13.1 Facilities Division****Quarter on Quarter (“QoQ”)**

Revenue for Q1/FY25 amounted to RM53.9m, compared to RM59.0m in Q4/FY24, a decrease of RM5.1m/8.6%. The decrease was mainly attributable to the lower additional works from Concession.

Although the division recorded a PBT of RM290k in Q1/FY25 as compared to PBT of RM2.8m in Q4/FY24, a decrease of RM2.5m/>100%, the immediate preceding quarter's performance included a one-time inter-division receivables write-back of RM2.9m.

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q1/FY25 was higher by RM6.5m/13.7% compared to the preceding year's corresponding quarter Q1/FY24.

The division recorded a PBT of RM290k in the current quarter under review Q1/FY25 as compared to LBT of RM3.2m in Q1/FY24, an increase of RM3.5m/>100% as efforts continue to manage costs arising from unscheduled works under the Healthcare segment.

13.2 Environment Division**QoQ**

The division's revenue for the quarter under review Q1/FY25 amounted to RM21.5m compared to the immediate preceding quarter Q4/FY24, at RM29.7m. The decrease of RM8.2m/27.6% was largely due to lower revenue achieved in the Singapore and UAE regions from slower projects progress during the quarter under review.

Consequent to the above, the division recorded a PBT of RM5.3m in Q1/FY25 as compared to PBT of RM8.5m in Q4/FY24, a decrease of RM3.2m/37.3%.

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024**

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/FY25 was RM21.5m vs RM22.7m in Q1/FY24, a decrease of RM1.2m/5.3%.

Despite the lower revenue, the division recorded a PBT of RM5.3m in Q1/FY25 vs a PBT of RM5.1m in Q1/FY24, an increase of RM0.2m/4.4%.

13.3 Engineering Division

QoQ

The revenue for Q1/FY25 amounted to RM19.9m compared to RM21.9m in Q4/FY24, a decrease of RM2.0m/9.2% mainly due to lower revenue recognized from project progress from the Air-condition segment.

Despite the lower revenue, the division recorded a PBT of RM2.1m in Q1/FY25 vs a PBT of RM1.7m in Q4/FY24, an increase of RM0.4m/23.2% due to better margins across all segments of the division.

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q1/FY25 was RM19.9m vs RM20.8m in Q1/FY24, a decrease of RM0.9m/4.4%. The lower revenue recorded was mainly attributable to slower project progress from the Air-condition segment during the current quarter under review.

The PBT remained relatively unchanged at RM2.1m.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.4 Rail Division

QoQ

The Division recorded a higher revenue for Q1/FY25 of RM6.8m compared to RM4.8m in Q4/FY24, an increase of RM2.0m/42.6% due to higher order fulfilment and project deliverables during the quarter under review.

Despite higher revenue, the division recorded a PBT of RM1.3m in Q1/FY25 vs a PBT of RM1.9m in Q4/FY24, a decrease of RM0.6m/32.0% in the current quarter due to less favorable margins from the product mix.

Current quarter vs preceding year corresponding quarter

The revenue in Q1/FY25 was RM6.8m compared to RM3.8m in Q1/FY24, an increase of RM3.0m/79.2% due to better order fulfillment and project deliverables in Q1/FY25.

Hence the division recorded a PBT of RM1.3m in Q1/FY25 vs a PBT of RM8k in Q1/FY24, an increase of RM1.3m/>100% during the current quarter.

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

	Current quarter ended 30 September 2024	Preceding quarter ended 30 June 2024	Favorable/ (Adverse) Variance
	RM'000	RM'000	RM'000
Revenue	<u>94,366</u>	<u>101,976</u>	<u>(7,610)</u>
Profit before taxation and zakat	<u>7,738</u>	<u>10,386</u>	<u>(2,648)</u>

On a QoQ basis, revenue decreased by RM7.6m/7.5% due to lower revenue recorded by all divisions except rail as highlighted above.

Arising from the above as well as points highlighted under the respective business divisions, the Group recorded a lower PBT of RM7.7m compared to a PBT of RM10.4m in the immediate preceding quarter, a decrease of RM2.6m/25.5%.

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024**

15. COMMENTARY ON PROSPECTS

The Board maintains a positive outlook on the Group's financial performance for the current financial year, supported by strong first quarter results. The Group's robust orderbook of RM678 million is expected to provide sustained earnings visibility going 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 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 2024**

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 remains 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 2024

17. INCOME TAX EXPENSE

	Current quarter ended 30 September 2024 RM'000	Period to date ended 30 September 2024 RM'000
Profit before taxation and zakat	7,738	7,738
Income tax expense for the year	(1,469)	(1,469)
Effective tax rate	19%	19%

Domestic income tax is calculated at Malaysian statutory income tax rate of 24% (2024: 24%) of the estimated assessable profit for the financial year.

For other jurisdictions, the income tax rate applicable to the subsidiaries in Singapore and United Arab Emirates are 17% and 9% respectively (2024: 17% and 9%).

18. CORPORATE PROPOSALS

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

19. LOANS AND BORROWINGS

	As at 30 September 2024 RM'000	As at 30 September 2023 RM'000
Current:		
Term loan	14,805	707
Hire purchase	843	755
Revolving credit	18,000	26,400
Trade loan	4,500	3,854
Lease Liabilities	1,296	823
Bank overdraft	(5)	2,438
Total	39,439	34,977
Non-current:		
Term loan	57,145	992
Hire purchase	882	-
Lease Liabilities	1,933	2,285
Total	59,960	3,277
Total loans and borrowings	99,399	38,254

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 2024**

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 Arbitrator had dismissed the preliminary objection raised by the Respondent on the pre-conditions for arbitration have not been fulfilled and the costs of the preliminary proceedings are to be paid by the Respondent to the Claimant. The Arbitrator has fixed a hearing on the arbitration from 17 February 2025 to 19 February 2025.

The Respondent has filed an appeal to the Shah Alam High Court on the dismissal of Respondent’s preliminary objection by the Arbitrator. The Shah Alam High Court has deferred the hearing of the appeal on 30 October 2024 to 23 January 2025.

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

21. DIVIDEND DECLARED

No dividend has been declared in the current quarter.

AWC BERHAD

(Company No. 550098-A)



EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024

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 2024	Period to date ended 30 September 2024
Profit attributable to owners of the Company (RM'000)	6,239	6,239
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	324,713	326,449
Basic earnings per share (sen)	1.92	1.91

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 2024 RM'000
Total retained profits of the Company and its subsidiaries:	
- Realised	231,599
- Unrealised	4,349
	235,948
Less: Consolidation adjustments	(158,111)
Total group retained profit as per consolidated accounts	77,837

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024

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 2024 is stated after charging / (crediting) the following items:

	Current quarter ended 30 September 2024 RM'000	Period to date ended 30 September 2024 RM'000
Depreciation and amortisation	1,346	1,346
Foreign exchange gain	(378)	(378)
Gain on disposal of property, plant and equipment	(260)	(260)
Interest income	(603)	(603)
Interest expense	1,243	1,243
Impairment losses on trade receivables	571	571
Reversal of impairment on trade receivables	(21)	(21)
Stock written off	51	51
Other income	(141)	(141)

25. AUTHORISATION FOR ISSUE

This interim financial report has been approved by the Board of Directors of the Company for issuance on 27 November 2024.