

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022**

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT PERIOD QUARTER 30/09/2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2021 RM'000	CURRENT PERIOD TO DATE 30/09/2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2021 RM'000
Note					
Revenue	13	96,279	69,852	96,279	69,852
Cost of sales		(74,821)	(52,256)	(74,821)	(52,256)
Gross profit		21,458	17,596	21,458	17,596
Other operating income		217	714	217	714
Other operating expenses		(13,324)	(12,747)	(13,324)	(12,747)
Profit from operations		8,351	5,563	8,351	5,563
Finance income, net		257	52	257	52
Profit before taxation	13	8,608	5,615	8,608	5,615
Taxation	17	(1,935)	(1,370)	(1,935)	(1,370)
Zakat		(30)	(30)	(30)	(30)
Profit after taxation for the financial period		6,643	4,215	6,643	4,215
Other comprehensive income:					
Foreign currency translation differences		1,413	80	1,413	80
Total comprehensive income for the financial period		8,056	4,295	8,056	4,295
Profit attributable to:					
Owners of the Company		5,235	3,595	5,235	3,595
Non-controlling interests		1,408	620	1,408	620
		6,643	4,215	6,643	4,215
Total comprehensive income attributable to:					
Owners of the Company		6,076	3,113	6,076	3,113
Non-controlling interests		1,980	1,182	1,980	1,182
		8,056	4,295	8,056	4,295
Basic earnings per share (sen)	22	1.65	1.14	1.65	1.14

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2022.

The accompanying notes are an integral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022**

		(Unaudited) AS AT 30/09/2022 RM'000	(Audited) AS AT 30/6/2022 RM'000
Note			
NON-CURRENT ASSETS			
	Property, plant and equipment	14,650	13,848
	Investment properties	6,463	6,463
	Intangible assets - goodwill	36,785	36,785
	Deferred tax assets	2,524	2,649
	Right of use assets	3,316	4,108
		63,738	63,853
CURRENT ASSETS			
	Inventories	36,173	35,836
	Tax recoverable	6,668	5,559
	Other receivables	18,159	14,250
	Trade receivables	113,339	99,566
	Contract assets	47,656	61,936
	Due from associates	39	15
	Asset classified as held for sale	380	380
	Short term investment	17,019	17,941
	Deposits with licensed banks, cash and bank balances	106,342	112,945
		345,775	348,427
	TOTAL ASSETS	409,513	412,280
EQUITY AND LIABILITIES			
Equity			
	Share capital	119,163	119,151
	Treasury shares	(1,287)	(1,287)
	Foreign exchange reserve	7,330	6,489
	Revaluation reserve	4,117	4,117
	Share option reserve	361	361
	Retained profits	100,919	95,684
		230,603	224,515
	Equity attributable to owners of the Company	230,603	224,515
	Non-controlling interests	67,036	65,056
	Total Equity	297,639	289,571
NON-CURRENT LIABILITIES			
	Other payables	353	353
19	Long term borrowings	2,779	3,340
	Deferred tax liabilities	100	29
	Lease liabilities	2,055	1,553
		5,287	5,275
CURRENT LIABILITIES			
	Other payables	37,345	24,773
	Trade payables	52,183	55,415
	Employee benefits	1,281	1,189
	Provision for taxation	1,676	1,689
19	Short term borrowings	7,305	11,467
	Contract liabilities	5,590	21,162
	Lease liabilities	1,207	1,739
		106,587	117,434
	TOTAL LIABILITIES	111,874	122,709
	TOTAL EQUITY AND LIABILITIES	409,513	412,280
NET ASSETS PER SHARE (SEN)			
		72.8	70.9

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2022.

The accompanying notes are an integral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022**

	CURRENT YEAR TO DATE 30/09/2022 RM'000	PREVIOUS YEAR TO DATE 30/09/2021 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	8,608	5,615
Adjustments for:		
Allowance for impairment lossess on trade receivables	39	12
Allowance for slow moving inventories	48	14
Reversal of impairment on receivables	(75)	(46)
Depreciation of property, plant and equipment	512	477
Depreciation of right of use asset	527	494
Provision for end of service benefit	-	39
Gain on disposal of property, plant and equipment	(42)	-
Unrealised gain on foreign exchange	(27)	(28)
Finance income, net	(257)	(52)
Operating profit before working capital changes	9,333	6,525
Increase in inventories	(385)	(3,102)
(Increase)/Decrease in receivables	(3,366)	30,282
Decrease in payables	(6,545)	(6,325)
(Increase)/Decrease in amount owing by an associate	(25)	128
Cash (used in)/generated from operations	(988)	27,508
Interest paid	(161)	(332)
Taxes paid	(2,863)	(1,471)
Zakat paid	(30)	-
Net cash (used in)/generated from operating activities	(4,042)	25,705
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal/(Placement) of short term investment	922	(645)
Purchase of property, plant and equipment	(644)	(1,283)
Purchase of right of use asset	-	(69)
Proceeds from disposals of property, plant and equipment	42	-
Interest received	418	384
Net cash generated from/(used in) investing activities	738	(1,613)
CASH FLOWS FOR FINANCING ACTIVITIES		
(Repayment)/Drawdown of revolving credit/term loans	(3,367)	2,716
Repayment of hire purchase and lease payables	(31)	(36)
Repayment of trade loan	(1,911)	(8,035)
Drawdown/(Repayment) of overdraft facilities	556	(125)
Proceed from exercise of employee share options	12	-
Net cash used in financing activities	(4,741)	(5,480)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(8,045)	18,612
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	112,945	89,436
Effects of exchange differences	1,442	70
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	106,342	108,118
Cash and cash equivalents comprise:		
Cash and bank balances	46,056	65,262
Deposits with licensed bank	60,286	42,856
	106,342	108,118

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2022.

The accompanying notes are an integral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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
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
30 September 2021									
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	-	-	-	-	-	3,595	3,595	620	4,215
- Foreign currency translation reserve	-	-	(482)	-	-	-	(482)	562	80
Total comprehensive income for the financial year	-	-	(482)	-	-	3,595	3,113	1,182	4,295
At 30 September 2021	119,033	(1,287)	4,852	4,024	572	82,240	209,434	58,090	267,524

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 2022.

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 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 2022.

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 2022.

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 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 139	Financial Instruments: Recognition and Measurement

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 2022

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:

		Effective for financial periods beginning on or after
<u>New MFRS</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 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 2023 [#]
MFRS 9	Financial Instruments	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 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 [#]
MFRS 107	Statements of Cash Flows	1 January 2023 [#]
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 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 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 FIRST QUARTER ENDED 30 SEPTEMBER 2022**

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 2022 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 2022

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) 17,242,786 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) 1,380,000 ordinary shares were issues at an exercise price of 23.7 sen per share

Options to subscribe for 8,221,282 ordinary shares remain unexercised.

Treasury Shares

The number of treasury shares held as at 30 September 2022 is as follows: -

	No. of shares	Amount RM
Balance of treasury shares as at 1 July 2022	4,628,700	1,287,081
Add: Purchase of treasury shares during the year under review	-	-
Balance of treasury shares as at 30 September 2022	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 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	510	57,931	21,724	19,362	2,394	-	(5,642)	96,279
Profit/(Loss) before tax	(126)	3,456	1,876	3,888	(474)	(12)	-	8,608
Segment assets	120,799	178,811	68,565	136,225	32,401	10	(127,298)	409,513

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022**

9. CARRYING AMOUNT OF REVALUED ASSETS

Not Applicable.

10. SIGNIFICANT AND SUBSEQUENT EVENT

No material events subsequent to 30 September 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 FIRST QUARTER ENDED 30 SEPTEMBER 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 30 September 2022 RM'000	Preceding year corresponding quarter ended 30 September 2021 RM'000	Current period to-date ended 30 September 2022 RM'000	Preceding year corresponding period ended 30 September 2021 RM'000
Facilities	57,931	40,884	57,931	40,884
Environment	19,362	13,490	19,362	13,490
Engineering	21,724	17,209	21,724	17,209
Investment holdings	510	480	510	480
Rail	2,394	3,352	2,394	3,352
Total	101,921	75,415	101,921	75,415
Less: Elimination	(5,642)	(5,563)	(5,642)	(5,563)
Consolidated Total	96,279	69,852	96,279	69,852

Profit/(Loss) before tax	Current quarter ended 30 September 2022 RM'000	Preceding year corresponding quarter ended 30 September 2021 RM'000	Current period to-date ended 30 September 2022 RM'000	Preceding year corresponding period ended 30 September 2021 RM'000
Facilities	3,456	3,392	3,456	3,392
Environment	3,888	1,535	3,888	1,535
Engineering	1,876	758	1,876	758
Investment holdings	(126)	(123)	(126)	(123)
Rail	(474)	64	(474)	64
Others	(12)	(11)	(12)	(11)
Total	8,608	5,615	8,608	5,615
Less: Elimination	-	-	-	-
Consolidated Total	8,608	5,615	8,608	5,615

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022**

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.1 Facilities Division

Quarter on Quarter (“QoQ”)

Revenue for Q1/FY23 amounted to RM57.9m, compared to RM53.1m in Q4/FY22, an increase of RM4.8m/9.1%. The increase was mainly attributable to additional works of approximately RM7 million undertaken under the concession segment which was partially offset by lower recognition under CARP during the quarter under review (RM4.8 million vs RM7.7 million).

Arising from the above, the division's PBT increased by RM0.7m/25.9% from RM2.7m in Q4/FY22 to RM3.5m in Q1/FY23.

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q1/FY23 was higher by RM17.0m/41.6% against the preceding year's corresponding quarter Q1/FY22 was due to additional works undertaken under Concession and CARP as well as new projects under Healthcare segments respectively.

Despite of higher revenue, PBT of the division increased marginally by RM65k/1.9% due to higher OPEX mainly attributable to Minimum Wage Order 2022.

13.2 Environment Division

QoQ

The division's revenue for the quarter under review Q1/FY23 amounted to RM19.4m compared to the immediate preceding quarter Q4/FY22, at RM25.4m. The decrease of RM6.0m/23.6% was largely due to slower projects progress undertaken by the Singapore and Middle East regions during the current quarter under review.

Arising from the lower revenue and less favorable margins from project milestones, the division recorded a PBT of 3.9m in the current quarter under review Q1/FY23 as compared to PBT of RM9.4m in Q4/FY22, a decrease of RM5.6m/58.8%.

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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 Q1/FY23 was RM19.4m vs RM13.5m in Q1/FY22, a significant increase of RM5.9m/43.5% mainly attributable to better projects progress in the Singapore and Malaysia regions. During Q1/FY22 revenue had been affected by the MCO restrictions.

Consequent to the above, the PBT increased by RM2.4m/>100% in the current quarter under review Q1/FY23 compared to preceding year corresponding quarter Q1/FY22.

13.3 Engineering Division

QoQ

The revenue for Q1/FY23 amounted to RM21.7m compared to RM19.9m in Q4/FY22, an increase of RM1.8m/9.1% which was mainly attributable to higher projects progress undertaken by the Singapore Aircond segment in the current quarter under review.

The division recorded a PBT of RM1.9m in Q1/FY23 against a LBT of RM1.6m in the immediate preceding quarter Q4/FY22. The turnaround was mainly attributable to the impairment of receivables amounting to RM2.2m by the Malaysia Aircond and Plumbing segment as well as an adverse GP revision for projects undertaken by Singapore Aircond segment in the immediate preceding quarter.

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q1/FY23 was RM21.7m vs RM17.2m in Q1/FY22, an increase of RM4.5m/26.2%. The higher revenue recorded was mainly attributable to better project progress undertaken by the Plumbing segment during the quarter under review whereas activities were restricted due to MCO restrictions during the preceding year corresponding quarter.

Consequent to the above, the division recorded higher PBT of RM1.9m in Q1/FY23 vs PBT of RM0.8m in Q1/FY22.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.4 Rail Division

QoQ

Revenue for Q1/FY23 was RM2.4m compared to RM8.9m in Q4/FY22, a significant decrease of RM6.6m/73.2%. The higher revenue recorded in Q4/FY22 was attributable to better project progress and order fulfillments by the division.

Arising from the above, the division recorded LBT of RM0.5m as compared to PBT of RM1.5m in Q4/FY22.

Current quarter vs preceding year corresponding quarter

The revenue in Q1/FY23 was RM2.4m compared to RM3.4m in Q1/FY22, a decrease of RM1.0m/28.5%.

Consequent to the above as well as lower margins arising from less favorable product mix during the quarter under review, the division recorded LBT of RM0.5m in Q1/FY23 vs PBT of RM64k in Q1/FY22.

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

	Current quarter ended 30 September 2022	Preceding quarter ended 30 June 2022	Favorable/ (Adverse) Variance
	RM'000	RM'000	RM'000
Revenue	<u>96,279</u>	<u>101,496</u>	<u>(5,217)</u>
Profit before taxation and zakat	<u>8,608</u>	<u>9,177</u>	<u>(569)</u>

On a QoQ basis, revenue decreased by RM5.2m/5.1% in line with slower project progress undertaken by the Environment and Rail divisions in current quarter as compared to Q4/FY22.

Arising from the above as well as points highlighted under the respective business divisions, the Group recorded a PBT of RM8.6m in the current quarter under review compared to a PBT of RM9.2m in the immediate preceding quarter, a marginal decrease of RM0.6m/6.2%.

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022**

15. COMMENTARY ON PROSPECTS

While the Board is pleased with the financial performance of the Group for the first quarter under review, it remains cautious of all the underlining challenges posed by the current economic sentiments and conditions facing the Group's businesses. Prudent management and fulfilment of its orderbook of RM772 million is expected to underpin the Group's performance ahead.

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 2022**

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 2022

17. INCOME TAX EXPENSE

	Current quarter ended 30 September 2022 RM'000	Period to date ended 30 September 2022 RM'000
Profit before taxation and zakat	8,608	8,608
Income tax expense for the year	(1,935)	(1,935)
Effective tax rate	22%	22%

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

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

19. BORROWINGS

	As at 30 September 2022 RM'000	As at 30 September 2021 RM'000
Secured short-term borrowings:		
Term loan	2,372	12,269
Revolving credit	2,000	3,000
Trade loan	397	3,609
Bank Overdraft	2,536	2,320
Total short-term borrowings	7,305	21,198
Secured long-term borrowings:		
Term loan	2,779	6,379
Total long-term borrowings	2,779	6,379
Total borrowings	10,084	27,577

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 2022

20. MATERIAL LITIGATION

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

21. DIVIDEND DECLARED

No dividend has been declared in the current quarter.

22. EARNINGS PER SHARE

The basic earnings per ordinary share of the Group is calculated based on the Group's net profit for the period attributable to owners of the Company over the weighted average number of ordinary shares in issue during the year, excluding treasury shares held by the Company as follows:

	Current quarter ended 30 September 2022	Period to date ended 30 September 2022
Profit attributable to owners of the Company (RM'000)	5,235	5,235
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	316,748	316,768
Basic earnings per share (sen)	1.65	1.65

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 2022 RM'000
Total retained profits of the Company and its subsidiaries:	
- Realised	195,135
- Unrealised	2,508
	197,643
Less: Consolidation adjustments	(96,724)
Total group retained profit as per consolidated accounts	100,919

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022

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 2022 is stated after charging / (crediting) the following items:

	Current quarter ended 30 September 2022 RM'000	Period to date ended 30 September 2022 RM'000
Depreciation and amortisation	1,039	1,039
Foreign exchange gain	(27)	(27)
Gain on disposal of property, plant and equipment	(42)	(42)
Interest income	(418)	(418)
Interest expense	161	161
Impairment losses on trade receivables	39	39
Reversal of impairment on trade receivables	(75)	(75)
Other income	(86)	(86)

25. AUTHORISATION FOR ISSUE

This interim financial report has been approved by the Board of Directors of the Company for issuance on 24 November 2022.