

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023**

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT PERIOD QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT PERIOD TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	Note	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
Revenue	13	116,793	96,298	205,629	192,577
Cost of sales		(93,484)	(73,099)	(164,892)	(147,920)
<b>Gross profit</b>		<b>23,309</b>	<b>23,199</b>	<b>40,737</b>	<b>44,657</b>
Other operating income		2,365	1,053	2,766	1,270
Other operating expenses		(15,605)	(14,589)	(29,988)	(27,913)
<b>Profit from operations</b>		<b>10,069</b>	<b>9,663</b>	<b>13,515</b>	<b>18,014</b>
Finance income, net		324	438	683	695
<b>Profit before taxation</b>	<b>13</b>	<b>10,393</b>	<b>10,101</b>	<b>14,198</b>	<b>18,709</b>
Taxation	17	(1,788)	(2,109)	(2,984)	(4,044)
Zakat		(30)	(30)	(60)	(60)
<b>Profit after taxation for the financial period</b>		<b>8,575</b>	<b>7,962</b>	<b>11,154</b>	<b>14,605</b>
<b>Other comprehensive income:</b>					
Foreign currency translation differences		(178)	88	(101)	1,501
<b>Total comprehensive income for the financial period</b>		<b>8,397</b>	<b>8,050</b>	<b>11,053</b>	<b>16,106</b>
<b>Profit attributable to:</b>					
Owners of the Company		5,841	5,726	6,308	10,961
Non-controlling interests		2,734	2,236	4,846	3,644
		<b>8,575</b>	<b>7,962</b>	<b>11,154</b>	<b>14,605</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		5,845	5,877	6,321	11,953
Non-controlling interests		2,552	2,173	4,732	4,153
		<b>8,397</b>	<b>8,050</b>	<b>11,053</b>	<b>16,106</b>
<b>Basic earnings per share (sen)</b>	<b>22</b>	<b>1.84</b>	<b>1.81</b>	<b>1.95</b>	<b>3.45</b>

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 SECOND QUARTER ENDED 31 DECEMBER 2023**

		(Unaudited)	(Audited)
		AS AT	AS AT
	Note	31/12/2023	30/6/2023
		RM'000	RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		18,193	17,843
Investment properties		6,463	6,463
Intangible assets		31,439	31,440
Deferred tax assets		6,371	6,397
Right of use assets		3,942	3,736
		<b>66,408</b>	<b>65,879</b>
<b>CURRENT ASSETS</b>			
Inventories		29,743	34,788
Tax recoverable		11,945	10,506
Other receivables		19,222	20,533
Trade receivables		77,196	138,258
Contract assets		22,235	46,053
Due from associates		-	184
Short term investment		44,431	7,828
Deposits with licensed banks, cash and bank balances		157,924	119,474
		<b>362,696</b>	<b>377,624</b>
<b>TOTAL ASSETS</b>		<b>429,104</b>	<b>443,503</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		125,283	119,697
Treasury shares		(1,287)	(1,287)
Foreign exchange reserve		9,287	9,274
Revaluation reserve		4,438	4,438
Share option reserve		64	64
Retained profits		60,016	91,590
<b>Equity attributable to owners of the Company</b>		<b>197,801</b>	<b>223,776</b>
Non-controlling interests		(0)	72,864
<b>Total Equity</b>		<b>197,801</b>	<b>296,640</b>
<b>NON-CURRENT LIABILITIES</b>			
Other payables		352	353
Long term borrowings	19	66,594	1,535
Deferred tax liabilities		-	29
Lease liabilities		2,272	1,322
		<b>69,218</b>	<b>3,239</b>
<b>CURRENT LIABILITIES</b>			
Other payables		42,019	28,446
Trade payables		43,472	64,174
Employee benefits		1,456	1,408
Provision for taxation		2,038	1,899
Short term borrowings	19	58,078	20,103
Contract liabilities		13,523	25,558
Lease liabilities		1,499	2,036
		<b>162,085</b>	<b>143,624</b>
<b>TOTAL LIABILITIES</b>		<b>231,303</b>	<b>146,863</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>429,104</b>	<b>443,503</b>
<b>NET ASSETS PER SHARE (SEN)</b>		<b>61.2</b>	<b>70.5</b>

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 SECOND QUARTER ENDED 31 DECEMBER 2023**

	<b>CURRENT YEAR TO DATE 31/12/2023 RM'000</b>	<b>PREVIOUS YEAR TO DATE 31/12/2022 RM'000</b>
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Profit before taxation	14,198	18,709
Adjustments for:		
Allowance for impairment lossess on trade receivables	62	128
Allowance for slow moving inventories	138	97
Reversal of impairment on receivables	(2,023)	(648)
Depreciation of property, plant and equipment	1,528	1,061
Depreciation of right of use asset	975	1,062
Gain on disposal of property, plant and equipment	(45)	(133)
Unrealised gain on foreign exchange	-	(49)
Finance income,net	(683)	(695)
<b>Operating profit before working capital changes</b>	<b>14,150</b>	<b>19,532</b>
Decrease/(Increase) in inventories	4,906	(3,262)
Decrease in receivables	88,153	5,217
Decrease in payables	(20,463)	(6,542)
Decrease/(Increase) in amount owing by an associate	184	(96)
<b>Cash generated from operations</b>	<b>86,930</b>	<b>14,849</b>
Interest paid	(601)	(315)
Taxes paid	(4,287)	(5,450)
Zakat paid	(60)	(60)
<b>Net cash generated from operating activities</b>	<b>81,982</b>	<b>9,024</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash outflow from acquisition of subsidiaries	(110,000)	-
(Placement)/Withdrawal of short term investment	(36,603)	1,765
Purchase of property, plant and equipment	(1,714)	(1,657)
Purchase of intangible assets	-	(3)
Proceeds from disposals of property, plant and equipment	47	133
Interest received	1,284	1,010
<b>Net cash (used in)/generated from investing activities</b>	<b>(146,986)</b>	<b>1,248</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Drawdown/(Repayment) of revolving credit/term loans	103,313	(4,818)
Repayment of hire purchase and lease payables	(56)	(111)
Drawdown/(Repayment) of trade loan	2,062	(936)
(Repayment)/Drawdown of overdraft facilities	(1,872)	575
Proceed from exercise of employee share options	108	270
Dividends paid to owners	-	(4,767)
Dividends paid to non-controlling interest	-	(1,470)
<b>Net cash generated from/(used in) financing activities</b>	<b>103,555</b>	<b>(11,257)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>38,551</b>	<b>(985)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>119,474</b>	<b>112,945</b>
Effects of exchange differences	(101)	1,551
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>157,924</b>	<b>113,511</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	100,792	57,387
Deposits with licensed bank	57,132	56,124
	<b>157,924</b>	<b>113,511</b>

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 SECOND QUARTER ENDED 31 DECEMBER 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
<b>31 December 2023</b>									
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	-	-	-	-	-	6,308	6,308	4,846	11,154
- Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-	-
- Foreign currency translation reserve	-	-	13	-	-	-	13	(114)	(101)
Total comprehensive income for the financial year	-	-	13	-	-	6,308	6,321	4,732	11,053
Transaction with owners:									
- Exercise of employee share options	108	-	-	-	-	-	108	-	108
- Acquisition of subsidiaries	5,478	-	-	-	-	(37,882)	(32,404)	(77,596)	(110,000)
<b>At 31 December 2023</b>	<b>125,283</b>	<b>(1,287)</b>	<b>9,287</b>	<b>4,438</b>	<b>64</b>	<b>60,016</b>	<b>197,801</b>	<b>(0)</b>	<b>197,801</b>
<b>31 December 2022</b>									
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	-	-	-	-	-	10,961	10,961	3,644	14,605
- Foreign currency translation reserve	-	-	992	-	-	-	992	509	1,501
Total comprehensive income for the financial year	-	-	992	-	-	10,961	11,953	4,153	16,106
Transaction with owners:									
- Exercise of employee share options	271	-	-	-	-	-	271	-	271
- Dividends paid on shares to owner of the company	-	-	-	-	-	(4,767)	(4,767)	-	(4,767)
- Dividends paid on shares to Non-controlling interest	-	-	-	-	-	-	-	(1,470)	(1,470)
<b>At 31 December 2022</b>	<b>119,422</b>	<b>(1,287)</b>	<b>7,481</b>	<b>4,117</b>	<b>361</b>	<b>101,878</b>	<b>231,972</b>	<b>67,739</b>	<b>299,711</b>

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.

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023**

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**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 SECOND QUARTER ENDED 31 DECEMBER 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:

		<b>Effective for financial periods beginning on or after</b>
<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 2023 <sup>#</sup>
MFRS 3	Business Combinations	1 January 2023 <sup>#</sup>
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 <sup>#</sup>
MFRS 7	Financial Instruments: Disclosures	1 January 2023 <sup>#</sup> / 1 January 2024
MFRS 9	Financial Instruments	1 January 2023 <sup>#</sup>
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 <sup>#</sup>
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 <sup>#</sup> / 1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2023 <sup>#</sup> / 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 <sup>#</sup>
MFRS 119	Employee Benefits	1 January 2023 <sup>#</sup>
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 <sup>#</sup>
MFRS 132	Financial Instruments: Presentation	1 January 2023 <sup>#</sup>
MFRS 136	Impairment of Assets	1 January 2023 <sup>#</sup>
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023 <sup>#</sup>
MFRS 138	Intangible Assets	1 January 2023 <sup>#</sup>
MFRS 140	Investment Property	1 January 2023 <sup>#</sup>

*<sup>#</sup> Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023**

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**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 SECOND QUARTER ENDED 31 DECEMBER 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) 17,559,286 ordinary shares were issued at an exercise price of 33.6 sen per share;
- ii) 3,490,512 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) 2,525,000 ordinary shares were issues at an exercise price of 23.7 sen per share

Options to subscribe for 15,017,782 ordinary shares remain unexercised.

**Treasury Shares**

The number of treasury shares held as at 31 December 2023 is as follows: -

	<b>No. of shares</b>	<b>Amount RM</b>
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 31 December 2023	<u>4,628,700</u>	<u>1,287,081</u>

**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 31 December 2023 is as follows:

	<b>Investment Holding</b>	<b>Facilities Division</b>	<b>Engineering Division</b>	<b>Environment Division</b>	<b>Rail Division</b>	<b>Others Division</b>	<b>Adjustments and Eliminations</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	960	120,562	41,358	46,112	9,951	-	(13,314)	205,629
Profit/(Loss) before tax	(1,989)	(260)	4,113	10,196	2,162	(24)	-	14,198
Segment assets	234,273	180,388	64,997	158,549	41,864	10	(250,977)	429,104

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023**

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**9. CARRYING AMOUNT OF REVALUED ASSETS**

Not Applicable.

**10. SIGNIFICANT AND SUBSEQUENT EVENT**

No material events subsequent to 31 December 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**

During the current quarter under review, Trackwork & Supplies Sdn Bhd and Stream Group Sdn Bhd became wholly owned subsidiaries on 15 December 2023 and 27 December 2023 respectively.

**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)




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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023**


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**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 31 December 2023 RM'000	Preceding year corresponding quarter ended 31 December 2022 RM'000	Current period to-date ended 31 December 2023 RM'000	Preceding year corresponding period ended 31 December 2022 RM'000
Facilities	73,136	52,527	120,562	110,458
Environment	23,393	24,078	46,112	43,440
Engineering	20,576	22,829	41,358	44,553
Investment holdings	480	1,980	960	2,490
Rail	6,163	5,132	9,951	7,526
Total	123,748	106,546	218,943	208,467
Less: Elimination	(6,955)	(10,248)	(13,314)	(15,890)
<b>Consolidated Total</b>	<b>116,793</b>	<b>96,298</b>	<b>205,629</b>	<b>192,577</b>

Profit/(Loss) before tax	Current quarter ended 31 December 2023 RM'000	Preceding year corresponding quarter ended 31 December 2022 RM'000	Current period to-date ended 31 December 2023 RM'000	Preceding year corresponding period ended 31 December 2022 RM'000
Facilities	2,966	2,294	(260)	5,750
Environment	5,110	5,308	10,196	9,196
Engineering	2,039	2,157	4,113	4,033
Investment holdings	(1,869)	1,325	(1,989)	1,199
Rail	2,154	554	2,162	80
Others	(7)	(7)	(24)	(19)
Total	10,393	11,631	14,198	20,239
Less: Elimination	-	(1,530)	-	(1,530)
<b>Consolidated Total</b>	<b>10,393</b>	<b>10,101</b>	<b>14,198</b>	<b>18,709</b>

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023**

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**13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)**

**13.1 Facilities Division**

**Quarter on Quarter (“QoQ”)**

Revenue for Q2/FY24 amounted to RM73.1m, compared to RM47.4m in Q1/FY24, an increase of RM25.7m/54.2%. The increase was due to higher additional works performed under the concession segment (RM19.5m vs RM2.6m) as well as higher CARP recognition (RM2.1m vs RM0.9m).

Arising from the higher revenue, the division recorded a PBT of RM3.0m in Q2/FY24 as compared to LBT of RM3.2m in Q1/FY24. While the turnaround performance is mainly attributable to the additional works undertaken during the quarter under review, Management’s efforts in reviewing operational matters and cost remains a high priority.

**Current quarter vs preceding year corresponding quarter**

The revenue for the current quarter Q2/FY24 was higher by RM20.6m/39.2% against the preceding year’s corresponding quarter Q2/FY23 due to higher additional works under the concession segment (RM19.5m vs RM0.2m).

Arising from the higher revenue, the division recorded a PBT of RM3.0m in the current quarter under review Q2/FY24 as compared to PBT of RM2.3m in Q2/FY23, an increase of RM0.7m/29.4%.

**13.2 Environment Division**

**QoQ**

The division’s revenue for the quarter under review Q2/FY24 amounted to RM23.4m compared to the immediate preceding quarter Q1/FY24, at RM22.7m. The marginal increase of RM0.7m/3.0% was largely due to higher project progress in the Malaysia segment.

The PBT remained relatively unchanged at RM5.1m.

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023**

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**13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)**

**13.2 Environment Division(continued)**

**Current quarter vs preceding year corresponding quarter**

The revenue for the current quarter Q2/FY24 was RM23.4m vs RM24.1m in Q2/FY23, a decrease of RM0.7m/2.8% mainly due to certain projects almost near to completion stage in the Singapore region during the quarter under review.

Arising from above, PBT decreased marginally by RM0.2m/3.7% in the current quarter under review Q2/FY24 as compared to preceding year corresponding quarter Q2/FY23.

**13.3 Engineering Division**

**QoQ**

The revenue for Q2/FY24 amounted to RM20.6m compared to RM20.8m in Q1/FY24, a slight decrease of RM0.2m/1.0% mainly due to lower revenue recognized under the Air-condition segment.

Arising from above, the division recorded a PBT of RM2.0m in Q2/FY24 vs PBT of RM2.1m in Q1/FY24 a decrease of RM0.1m/1.7% .

**Current quarter vs preceding year corresponding quarter**

The revenue for the current quarter Q2/FY24 was RM20.6m vs RM22.8m in Q2/FY23, a decrease of RM2.2m/9.9%. The lower revenue recorded was mainly attributable to the lower revenue from the Plumbing segment during the current quarter under review as some of the projects undertaken have been completed.

Arising from above, the division recorded slightly lower PBT of RM2.0m during the quarter under review Q2/FY24 as compared to PBT of RM2.2m in Q2/FY23.

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023**

**13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)**

**13.4 Rail Division**

**QoQ**

The Division recorded a higher revenue for Q2/FY24 of RM6.2m compared to RM3.8m in Q1/FY24, an increase of RM2.4m/62.7% due to higher order fulfilment and project deliverables during the quarter under review.

Arising from above and trade receivables recovery of RM1.5m, PBT increased by RM2.1m/>100% as compared to Q1/FY24.

**Current quarter vs preceding year corresponding quarter**

The revenue in Q2/FY24 was RM6.2m compared to RM5.1m in Q2/FY23, an increase of RM1.1m/20.1%.

Consequent to the higher revenue and trade receivables recovery, the division recorded a PBT of RM2.2m in Q2/FY24 vs a PBT of RM554k in Q2/FY23, an increase of RM1.6m/>100% in the current quarter.

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

	Current quarter ended 31 December 2023	Preceding quarter ended 30 September 2023	Favorable/ (Adverse) Variance
	RM'000	RM'000	RM'000
Revenue	116,793	88,836	27,957
Profit before taxation and zakat	10,393	3,805	6,588

On a QoQ basis, all divisions recorded commendable performances contributing to revenue increasing by RM27.9m/31.5%.

Arising from the above as well as points highlighted under the respective business divisions, the Group managed to report a higher PBT of RM10.4m compared to a PBT of RM3.8m in the immediate preceding quarter, an increase of RM6.6m/>100%. Additionally, this is after taking into account non-recurring costs associated with the acquisition of the remaining 49% in Stream Group Sdn Bhd (RM1.4m) covering professional fees as well as stamp duties.

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL  
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**15. COMMENTARY ON PROSPECTS**

While mindful of the challenges that lay ahead with on-going initiatives to turn around the Facilities division, the Board looks forward to the immediate earnings accretion that will arise from the Environment and Rail divisions being accounted as wholly-owned subsidiaries commencing from the next quarter. The Group's financial performance will remain underpinned by its orderbook of RM767 mil.

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.

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL  
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**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 SECOND QUARTER ENDED 31 DECEMBER 2023**

**17. INCOME TAX EXPENSE**

	Current quarter ended 31 December 2023 RM'000	Period to date ended 31 December 2023 RM'000
Profit before taxation and zakat	10,393	14,198
Income tax expense for the year	(1,788)	(2,984)
Effective tax rate	17%	21%

Domestic income tax is calculated at Malaysian statutory income tax rate of 24% (2023: 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% (2023: 17%).

**18. CORPORATE PROPOSALS**

Safe 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 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.

Members' approval was obtained at an Extraordinary General Meeting EGM convened on 13 December 2023 for the purpose of considering the above and Stream Group Sdn Bhd effectively became a wholly owned subsidiary with the fulfilment of all terms and conditions on 27 December 2023 thus bringing the proposed acquisition to a completion.

(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. The exercise of the Call Option was deemed completed on 15 December 2023 with the Option Consideration Shares successfully listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on even date.

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL  
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**19. BORROWINGS**

	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
Secured short-term borrowings:		
Term loan	33,888	353
Hire Purchase	686	-
Revolving credit	18,200	3,800
Trade loan	4,557	1,372
Bank Overdraft	747	2,556
Total short-term borrowings	<u>58,078</u>	<u>8,081</u>
Secured long-term borrowings:		
Term loan	65,625	1,547
Hire Purchase	969	-
Total long-term borrowings	<u>66,594</u>	<u>1,547</u>
Total borrowings	<u>124,672</u>	<u>9,628</u>

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

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL  
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**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, the decision on the preliminary objection raised by the Respondent that the pre-conditions for arbitration have not been fulfilled will be delivered on 28 June 2024. 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.

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023**

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**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:

	<b>Current quarter ended 31 December 2023</b>	<b>Period to date ended 31 December 2023</b>
Profit attributable to owners of the Company (RM'000)	5,841	6,308
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	317,980	323,006
Basic earnings per share (sen)	1.84	1.95

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**

	<b>As at 31 December 2023 RM'000</b>
Total retained profits of the Company and its subsidiaries:	
- Realised	200,941
- Unrealised	6,245
	207,186
Less: Consolidation adjustments	(147,170)
Total group retained profit as per consolidated accounts	60,016

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023**

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**24. ITEMS INCLUDED IN CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Profit from operations is for the current quarter and period to-date ended 31 December 2023 is stated after charging / (crediting) the following items:

	<b>Current quarter ended 31 December 2023 RM'000</b>	<b>Period to date ended 31 December 2023 RM'000</b>
Depreciation and amortisation	1,331	2,503
Foreign exchange loss/(gain)	8	(9)
Gain on disposal of property, plant and equipment	(2)	(45)
Interest income	(748)	(1,284)
Interest expense	424	601
Impairment losses on trade receivables	31	62
Reversal of impairment on trade receivables	(2,006)	(2,023)
Stock written off	107	138
Other income	(313)	(592)

**25. AUTHORISATION FOR ISSUE**

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