

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 30 JUNE 2023**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT PERIOD QUARTER 30/6/2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2022 RM'000	CURRENT PERIOD TO DATE 30/6/2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2022 RM'000
Revenue	13	91,531	101,496	378,993	355,190
Cost of sales		(79,091)	(75,560)	(300,932)	(259,814)
Gross profit		12,440	25,936	78,061	95,376
Other operating income		2,483	1,204	4,777	5,313
Other operating expenses		(30,489)	(18,307)	(72,117)	(57,655)
Profit from operations		(15,566)	8,833	10,721	43,034
Finance income, net		(73)	344	1,049	392
Profit before taxation	13	(15,639)	9,177	11,770	43,426
Taxation	17	3,301	(2,310)	(1,931)	(8,731)
Zakat		(30)	(30)	(120)	(120)
Profit after taxation for the financial period		(12,368)	6,837	9,719	34,575
Other comprehensive income:					
Foreign currency translation differences		2,605	1,564	4,287	1,965
Total comprehensive income for the financial period		(9,763)	8,401	14,006	36,540
Profit attributable to:					
Owners of the Company		(13,384)	2,107	2,133	21,762
Non-controlling interests		1,016	4,730	7,586	12,813
		(12,368)	6,837	9,719	34,575
Total comprehensive income attributable to:					
Owners of the Company		(11,774)	3,034	4,912	22,424
Non-controlling interests		2,011	5,367	9,094	14,116
		(9,763)	8,401	14,006	36,540
Basic earnings per share (sen)	22	(4.22)	0.67	0.67	6.87

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 FOURTH QUARTER ENDED 30 JUNE 2023**

	(Unaudited)		(Audited)	
	Note	AS AT	AS AT	
		30/6/2023	30/6/2022	RM'000
NON-CURRENT ASSETS				
Property, plant and equipment		17,779	13,848	
Investment properties		6,463	6,463	
Intangible assets		32,889	36,785	
Deferred tax assets		4,651	2,649	
Right of use assets		3,797	4,108	
		65,579	63,853	
CURRENT ASSETS				
Inventories		34,681	35,836	
Tax recoverable		12,695	5,559	
Other receivables		16,683	14,250	
Trade receivables		134,744	99,566	
Contract assets		44,365	61,936	
Due from associates		184	15	
Asset classified as held for sale		-	380	
Short term investment		6,528	17,941	
Deposits with licensed banks, cash and bank balances		119,414	112,945	
		369,294	348,427	
TOTAL ASSETS		434,873	412,280	
EQUITY AND LIABILITIES				
Equity				
Share capital		119,696	119,151	
Treasury shares		(1,287)	(1,287)	
Foreign exchange reserve		9,268	6,489	
Revaluation reserve		4,475	4,117	
Share option reserve		65	361	
Retained profits		91,546	95,684	
Equity attributable to owners of the Company		223,763	224,515	
Non-controlling interests		71,791	65,056	
Total Equity		295,554	289,571	
NON-CURRENT LIABILITIES				
Other payables		352	353	
Long term borrowings	19	8,718	3,340	
Deferred tax liabilities		75	29	
Lease liabilities		2,792	1,553	
		11,937	5,275	
CURRENT LIABILITIES				
Other payables		36,728	24,773	
Trade payables		59,448	55,415	
Employee benefits		1,408	1,189	
Provision for taxation		1,289	1,689	
Short term borrowings	19	11,702	11,467	
Contract liabilities		15,022	21,162	
Lease liabilities		1,785	1,739	
		127,382	117,434	
TOTAL LIABILITIES		139,319	122,709	
TOTAL EQUITY AND LIABILITIES		434,873	412,280	
NET ASSETS PER SHARE (SEN)		70.5	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 FOURTH QUARTER ENDED 30 JUNE 2023**

	CURRENT YEAR TO DATE 30/6/2023 RM'000	PREVIOUS YEAR TO DATE 30/6/2022 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	11,770	43,426
Adjustments for:		
Allowance for impairment losses on trade receivables	8,634	3,300
Allowance for impairment losses on contract assets	3,209	-
Allowance for slow moving inventories	727	274
Reversal of impairment on receivables	(2,119)	(2,442)
Depreciation of property, plant and equipment	2,778	1,911
Depreciation of right of use asset	2,349	2,362
Provision for end of service benefit	-	195
Impairment loss on goodwill	3,900	2,789
Impairment loss on asset held for sale	-	137
Impairment loss on property, plant and equipment	72	-
Property, plant and equipment written off	-	11
Gain on disposal of property, plant and equipment	(248)	(93)
Gain on disposal of investment properties	-	(145)
Loss on dissolution of a subsidiary	501	-
Share options granted under Share Option Plan	(209)	(210)
Unrealised gain on foreign exchange	(870)	(320)
Finance income, net	(1,049)	(392)
Operating profit before working capital changes	29,445	50,803
Decrease/(Increase) in inventories	428	(3,192)
(Increase)/Decrease in receivables	(25,686)	24,678
Increase/(Decrease) in payables	3,703	(11,854)
(Increase)/Decrease in amount owing by an associate	(169)	128
Cash generated from operations	7,721	60,563
Interest paid	(934)	(989)
Taxes paid	(11,423)	(11,336)
Zakat paid	(120)	(120)
Net cash (used in)/generated from operating activities	(4,756)	48,118
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal of short term investment	11,413	3,007
Purchase of property, plant and equipment	(5,253)	(3,051)
Proceeds from disposals of property, plant and equipment	269	112
Proceeds from disposals of investment properties	-	725
Proceeds from disposals of asset held for sale	380	-
Revaluation of property	-	93
Interest received	1,983	1,381
Net cash generated from investing activities	8,792	2,267
CASH FLOWS FOR FINANCING ACTIVITIES		
Drawdown/(Repayment) of revolving credit/term loans	5,374	(7,496)
Drawdown of hire purchase and lease payables	1,285	24
Repayment of trade loan	(399)	(10,241)
Drawdown/(Repayment) of overdraft facilities	638	(465)
Proceed from exercise of employee share options	546	118
Dividends paid to owners	(6,358)	(4,492)
Dividends paid to non-controlling interest	(2,940)	(5,300)
Net cash used in financing activities	(1,854)	(27,852)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,182	22,533
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	112,945	89,436
Effects of exchange differences	4,287	2,238
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	119,414	114,207
Cash and cash equivalents comprise:		
Cash and bank balances	62,567	62,334
Deposits with licensed bank	56,847	51,873
	119,414	114,207

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 FOURTH QUARTER ENDED 30 JUNE 2023

	Share Capital RM'000	Treasury Shares RM'000	Foreign Exchange Reserves RM'000	Revaluation Reserves RM'000	Share Option Reserves RM'000	Distributable Retained Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
30 June 2023									
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	-	-	-	-	-	2,133	2,133	7,586	9,719
- Revaluation of property, plant and equipment	-	-	-	358	-	-	358	-	358
- Foreign currency translation reserve	-	-	2,779	-	-	-	2,779	1,508	4,287
Total comprehensive income for the financial year	-	-	2,779	358	-	2,133	5,270	9,094	14,364
Transaction with owners:									
- Exercise of employee share options	545	-	-	-	(209)	-	336	-	336
- Share options lapsed	-	-	-	-	(87)	87	-	-	-
- Dissolution of subsidiary	-	-	-	-	-	-	-	581	581
- Dividends paid on shares to owner of the company	-	-	-	-	-	(6,358)	(6,358)	-	(6,358)
- Dividends paid on shares to Non-controlling interest	-	-	-	-	-	-	-	(2,940)	(2,940)
At 30 June 2023	119,696	(1,287)	9,268	4,475	65	91,546	223,763	71,791	295,554
30 June 2022									
At 1 July 2021	119,033	(1,287)	5,334	4,024	572	78,645	206,321	56,908	263,229
Other comprehensive income for the financial year	-	-	-	-	-	21,762	21,762	12,813	34,575
- Foreign currency translation reserve	-	-	662	-	-	-	662	1,303	1,965
Total comprehensive income for the financial year	-	-	662	-	-	21,762	22,424	14,116	36,540
Transaction with owners:									
- Exercise of employee share options	118	-	-	-	-	-	118	-	118
- Revaluation reserve	-	-	-	93	-	-	93	-	93
- Value of employees' services pursuant to ESOS	-	-	-	-	(211)	-	(211)	-	(211)
- Dividends paid on shares to owner of the company	-	-	-	-	-	(4,492)	(4,492)	-	(4,492)
- Dividends paid on shares to Non-controlling interest	-	-	-	-	-	-	-	(5,300)	(5,300)
At 30 June 2022	119,151	(1,287)	5,996	4,117	361	95,915	224,253	65,724	289,977

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 FOURTH QUARTER ENDED 30 JUNE 2023**

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”), MFRS 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 June 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 FOURTH QUARTER ENDED 30 JUNE 2023

1. BASIS OF PREPARATION (CONTINUED)

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

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

<u>New MFRS</u>		Effective for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 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 FOURTH QUARTER ENDED 30 JUNE 2023

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

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

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 30 June 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 FOURTH QUARTER ENDED 30 JUNE 2023

6. DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchases, resale and repayment of debt and equity securities during the current quarter under review, except for the issuance of new AWC shares in line with the Group's Employee Share Option Scheme ("ESOS"), as follows:

- i) 17,467,286 ordinary shares were issued at an exercise price of 33.6 sen per share;
- ii) 3,360,312 ordinary shares were issued at an exercise price of 42.3 sen per share;
- iii) 450,150 ordinary shares were issued at an exercise price of 72.3 sen per share;
- iv) 100,000 ordinary shares were issued at an exercise price of 75.1 sen per share; and
- v) 2,430,000 ordinary shares were issues at an exercise price of 23.7 sen per share

Options to subscribe for 6,465,982 ordinary shares remain unexercised.

Treasury Shares

The number of treasury shares held as at 30 June 2023 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 June 2023	<u>4,628,700</u>	<u>1,287,081</u>

7. DIVIDENDS PAID

On 5 April 2023, the Company paid the first Interim Single-Tier Dividend of 0.5 sen per ordinary share in respect of the financial year ended 30 June 2023 amounting to approximately of RM1.6m.

8. SEGMENTAL INFORMATION

The segment information for the current period ended 30 June 2023 is as follows:

	Investment Holding	Facilities Division	Engineering Division	Environment Division	Rail Division	Others Division	Adjustments and Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	6,480	200,925	82,477	100,224	20,791	-	(31,904)	378,993
Profit/(Loss) before tax	1,967	(7,912)	3,739	20,165	(2,041)	(33)	(4,115)	11,770
Segment assets	117,821	192,491	70,478	148,939	36,232	10	(131,098)	434,873

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

9. CARRYING AMOUNT OF REVALUED ASSETS

Not Applicable.

10. SIGNIFICANT AND SUBSEQUENT EVENT

No material events subsequent to 30 June 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

The Board of Directors of AWC wishes to announce that:

- On 22 March 2023, AWC Facilities Engineering Sdn. Bhd. (“AWCFE”), a 75% owned subsidiary of AWC, held its Extraordinary General Meeting during which the shareholders had resolved that AWCFE be wound up voluntarily pursuant to Section 439(1)(b) of the Companies Act 2016 (“Creditors’ Voluntary Winding-Up”).
- On 5 July 2023, a wholly owned subsidiary, AWC Healthcare Solutions Sdn. Bhd. was incorporated.

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 FOURTH QUARTER ENDED 30 JUNE 2023

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
13. PERFORMANCE REVIEW BY SEGMENTS

Revenue	Current quarter	Preceding year	Current year	Preceding year
	ended	corresponding	to-date ended	corresponding
	30 June	quarter ended	30 June	year ended
	2023	30 June	2023	30 June
	RM'000	RM'000	RM'000	RM'000
Facilities	41,588	53,114	200,925	192,954
Environment	27,131	25,357	100,224	81,900
Engineering	20,504	19,919	82,477	80,460
Investment holdings	480	8,130	6,480	13,620
Rail	8,224	8,946	20,791	20,948
Total	97,927	115,466	410,897	389,882
Less: Elimination	(6,396)	(13,970)	(31,904)	(34,692)
Consolidated Total	91,531	101,496	378,993	355,190

Profit/(Loss) before tax	Current quarter	Preceding year	Current year	Preceding year
	ended	corresponding	to-date ended	corresponding
	30 June	quarter ended	30 June	year ended
	2023	30 June	2023	30 June
	RM'000	RM'000	RM'000	RM'000
Facilities	(14,300)	2,745	(7,912)	15,830
Environment	4,765	9,441	20,165	26,532
Engineering	(1,555)	(1,551)	3,739	1,208
Investment holdings	(2,076)	6,959	1,967	10,402
Rail	(2,914)	1,505	(2,041)	3,452
Others	(4)	(4)	(33)	(31)
Total	(16,084)	19,095	15,885	57,393
Less: Elimination	445	(9,918)	(4,115)	(13,967)
Consolidated Total	(15,639)	9,177	11,770	43,426

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

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

Revenue for Q4/FY23 amounted to RM41.6m, compared to RM48.9m in Q3/FY23, a decrease of RM7.3m/14.9%. The reduction was due to lower CARP and commercial recognition as well as revenue deduction from Healthcare for unfulfilled deliverables from previous quarters.

The division recorded a LBT of RM14.3m in Q4/FY23 as compared to PBT of RM638k in Q3/FY23, arising from impairment loss on receivables (RM4.5m), higher electricity cost recorded (RM0.7m), costs of unscheduled works (RM2.7m) as well as ongoing impacts arising from the effects of minimum wage 2022.

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q4/FY23 was lower by RM11.5m/21.7% against the preceding year’s corresponding quarter Q4/FY22 due to lower revenue from CARP and completion of several projects under the Commercial segment but offset by new projects under the Healthcare segment.

Arising from lower revenue, the division recorded a LBT of RM14.3m in the current quarter under review Q4/FY23 as compared to PBT of RM2.7m in Q4/FY22, a decrease of RM17.0m/>-100% which was further weighed down by the points as highlighted above.

13.2 Environment Division**QoQ**

The division’s revenue for the quarter under review Q4/FY23 amounted to RM27.1m compared to the immediate preceding quarter Q3/FY23, at RM29.6m. The decrease of RM2.5m/8.5% was largely due lower project progress in the Malaysian segment.

The division recorded a PBT of RM4.7m in the current quarter under review Q4/FY23 as compared to PBT of RM6.2m in Q3/FY23, a decrease of RM1.5m/23.2% contributed by the lower revenue as above, escalated costs of a project in Singapore (RM1.7m), impairment loss on trade receivables (RM1.4m) and slow moving inventories (RM0.4m).

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.2 Environment Division(continued)

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q4/FY23 was RM27.1m vs RM25.3m in Q4/FY22, an increase of RM1.8m/7% mainly attributable to better projects progress in the Malaysia region during the quarter under review.

Despite the higher revenue, PBT decreased by RM4.7m/49.5% in the current quarter under review Q4/FY23 compared to preceding year corresponding quarter Q4/FY22 due to lower margins mainly due to higher labour and procurement costs from certain projects in the Singapore as well as higher impairment loss from trade receivables (RM1.44m vs RM0.8m).

13.3 Engineering Division

QoQ

The revenue for Q4/FY23 amounted to RM20.5m compared to RM17.4m in Q3/FY23, an increase of RM3.1m/17.7% mainly due to higher revenue recognized under the Singapore Aircond segment.

Despite the higher revenue, the division recorded a LBT of RM1.5m in Q4/FY23 vs PBT of RM1.3m in Q3/FY23, a decrease of RM2.8m/>-100% mainly due to recognition of impairment losses on contract asset and trade receivables of RM3.2m and RM1.0m respectively as well as slow moving inventories of RM0.3m.

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q4/FY23 was RM20.5m vs RM20.0m in Q4/FY22, a slightly increase of RM0.5m/2.9%. The higher revenue recorded was mainly attributable to the turnaround performance of the Aircond segment in Singapore during the current quarter under review.

Performance of the division was relatively unchanged, with a LBT of RM1.6m during the quarter under review Q4/FY23 compared to Q4/FY22.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.4 Rail Division

QoQ

The Division recorded a higher revenue for Q4/FY23 of RM8.2m compared to RM5.0m in Q3/FY23, an increase of RM3.2m/63.1% due to better order fulfilment and project deliverables during the quarter under review.

However the division recorded a LBT of RM2.9m as compared to PBT of RM0.8m in Q3/FY23, a decrease of RM3.7m/>100% mainly due to impairment of receivables of RM4.6m recognized in current quarter.

Current quarter vs preceding year corresponding quarter

The revenue in Q4/FY23 was RM8.2m compared to RM8.9m in Q4/FY22, a decrease of RM0.7m/8.1%.

However the division recorded LBT of RM2.9m in Q4/FY23 vs PBT of RM1.5m in Q4/FY22, a decrease of RM4.4m/>100% mainly due to impairment of receivables of RM4.6m recognized in the current quarter.

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

	Current quarter ended 30 June 2023	Preceding quarter ended 31 March 2023	Favorable/ (Adverse) Variance
	RM'000	RM'000	RM'000
Revenue	<u>91,531</u>	<u>94,885</u>	<u>(3,354)</u>
Profit before taxation and zakat	<u>(15,639)</u>	<u>8,700</u>	<u>(19,696)</u>

On a QoQ basis, revenue decreased by RM3.3m/3.5% largely due to the facilities division.

Arising from the above as well as points highlighted under the respective business divisions, the Group also accounted for impairment loss on goodwill (RM3.9m) and loss on dissolution of a subsidiary (RM0.5m) contributing towards the recorded LBT of RM15.6m in the current quarter under review compared to a PBT of RM8.7m in the immediate preceding quarter.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

15. COMMENTARY ON PROSPECTS

Reeling from the impacts of minimum wage order 2022 as well as a higher than usual number of unscheduled works, the management of the facilities division has stepped up the reviewing of its operational cost structures and actively renegotiating with vendors and contractors. These actions are expected to translate to a turn-around of the facilities division in the new financial year ahead. The Board remains optimistic that the Group's orderbook of more than RM800 million will continue to drive the Group's performance in the new financial year.

We set out below our analysis of prospects by Divisions:

15.1 Facilities Division

The Concession Agreement (CA) for the renewal of the maintenance concession for the Southern Region (Johor, Malacca, Negeri Sembilan) and Sarawak was signed in early March 2016. This contract is for 10 years, from 1.1.16 to 31.12.25. Initial rate p.a. is set at approximately RM52 mil for the first 5 years, with automatic increase to RM59m p.a. from year 6 to 10.

In addition, together with the new CA, we also signed a contract to undertake the Critical Asset Refurbishment Programme, or CARP, over the next seven years.

Under this contract, we are to undertake the CARP over various locations, and based on predetermined timing/schedules. Under this CARP we are to be paid RM140m over ten years (the renewed concession period), equaling approximately RM1.16m monthly.

These two contracts significantly improve the Group's long-term prospects. We expect positive contribution to our revenue and profit performance from our CARP contract over the next several years.

Also, we currently undertake certain maintenance contracts in the commercial and healthcare segments where these contracts are generally for two to five year periods. We expect these contracts to continue contributing positively to our prospects.

15.2 Environment Division

The Environment Division has contracts on hand that will tide it over for the next three financial years. Prospects remain positive for this Division as we expect projects progress and recognition to continue contributing positively to the Group.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

15. COMMENTARY ON PROSPECTS (CONTINUED)**15.3 Engineering Division****Air conditioning segment**

As projects undertaken by this segment's Malaysian operation have largely entered Defects Liability Period (DLP) with no new tender/project participations, we do not expect further material negative contributions from this segment moving forward. Additionally, the Management has streamlined and rationalized the operational cost structure of this segment to be in line with serving out the existing projects which are now in DLP.

Plumbing segment

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

15.4 Rail Division

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

16. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

17. INCOME TAX EXPENSE

	Current quarter ended 30 June 2023 RM'000	Period to date ended 30 June 2023 RM'000
(Loss)/profit before taxation and zakat	(15,639)	11,770
Income tax expense for the year	3,301	(1,931)
Effective tax rate	21%	16%

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 June 2023 RM'000	As at 30 June 2022 RM'000
Secured short-term borrowings:		
Term loan	775	938
Revolving credit	6,400	4,800
Trade loan	1,908	1,404
Bank Overdraft	2,619	1,980
Total short-term borrowings	11,702	9,122
Secured long-term borrowings:		
Term loan	8,718	5,697
Total long-term borrowings	8,718	5,697
Total borrowings	20,420	14,819

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 FOURTH QUARTER ENDED 30 JUNE 2023

20. MATERIAL LITIGATION

Reference is made to AWC's announcement on 17 February 2023 in relation to the Winding-Up Petition by the Petitioner against the Respondent ('the Petition') and the Respondent's application to strike out and/or stay the Petition ('the Application'). The Board wishes to inform that the Application by the Respondent was allowed whereby the Petition had been struck out.

The Board of Directors of AWC wishes to further announce that 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. 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 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.

AWC BERHAD

(Company No. 550098-A)



EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

22. EARNINGS PER SHARE

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

	Current quarter ended 30 June 2023	Period to date ended 30 June 2023
Profit attributable to owners of the Company (RM'000)	(13,384)	2,133
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	317,046	317,450
Basic earnings per share (sen)	(4.22)	0.67

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 June 2023 RM'000
Total retained profits of the Company and its subsidiaries:	
- Realised	188,327
- Unrealised	5,164
	193,491
Less: Consolidation adjustments	(101,945)
Total group retained profit as per consolidated accounts	91,546

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

24. ITEMS INCLUDED IN CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Current quarter ended 30 June 2023 RM'000	Period to date ended 30 June 2023 RM'000
Depreciation and amortisation	1,921	5,127
Foreign exchange gain	(1,101)	(1,302)
Gain on disposal of property, plant and equipment	(23)	(248)
Interest income	(382)	(1,983)
Interest expense	455	934
Impairment on property, plant and equipment	72	72
Impairment losses on goodwill	3,900	3,900
Impairment losses on trade receivables	11,382	11,843
Reversal of impairment on trade receivables	(1,066)	(2,119)
Loss on dissolution of a subsidiary	501	501
Stock written off	727	727
Other income	(239)	(908)

25. AUTHORISATION FOR ISSUE

This interim financial report has been approved by the Board of Directors of the Company for issuance on 30 August 2023.