

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT PERIOD QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT PERIOD TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	Note	31/12/2022	31/12/2021	31/12/2022	31/12/2021
		RM'000	RM'000	RM'000	RM'000
Revenue	13	96,298	90,080	192,577	159,931
Cost of sales		(73,099)	(64,653)	(147,920)	(116,909)
<b>Gross profit</b>		<b>23,199</b>	<b>25,427</b>	<b>44,657</b>	<b>43,022</b>
Other operating income		1,053	2,335	1,270	3,049
Other operating expenses		(14,589)	(11,372)	(27,913)	(24,119)
<b>Profit from operations</b>		<b>9,663</b>	<b>16,390</b>	<b>18,014</b>	<b>21,952</b>
Finance income, net		438	64	695	116
<b>Profit before taxation</b>	<b>13</b>	<b>10,101</b>	<b>16,454</b>	<b>18,709</b>	<b>22,068</b>
Taxation	17	(2,109)	(2,905)	(4,044)	(4,274)
Zakat		(30)	(30)	(60)	(60)
<b>Profit after taxation for the financial period</b>		<b>7,962</b>	<b>13,519</b>	<b>14,605</b>	<b>17,734</b>
<b>Other comprehensive income:</b>					
Foreign currency translation differences		88	(42)	1,501	38
<b>Total comprehensive income for the financial period</b>		<b>8,050</b>	<b>13,477</b>	<b>16,106</b>	<b>17,772</b>
<b>Profit attributable to:</b>					
Owners of the Company		5,726	8,991	10,961	12,585
Non-controlling interests		2,236	4,528	3,644	5,149
		<b>7,962</b>	<b>13,519</b>	<b>14,605</b>	<b>17,734</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		5,877	8,988	11,953	12,101
Non-controlling interests		2,173	4,489	4,153	5,671
		<b>8,050</b>	<b>13,477</b>	<b>16,106</b>	<b>17,772</b>
<b>Basic earnings per share (sen)</b>	<b>22</b>	<b>1.81</b>	<b>2.84</b>	<b>3.45</b>	<b>3.98</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 2022.

The accompanying notes are an integral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**

	(Unaudited)	(Audited)
	AS AT	AS AT
Note	31/12/2022	30/6/2022
	RM'000	RM'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	15,119	13,848
Investment properties	6,463	6,463
Intangible assets - goodwill	36,789	36,785
Deferred tax assets	2,495	2,649
Right of use assets	3,298	4,108
	<b>64,164</b>	<b>63,853</b>
<b>CURRENT ASSETS</b>		
Inventories	39,001	35,836
Tax recoverable	7,481	5,559
Other receivables	21,393	14,250
Trade receivables	102,986	99,566
Contract assets	46,676	61,936
Due from associates	111	15
Asset classified as held for sale	380	380
Short term investment	16,175	17,941
Deposits with licensed banks, cash and bank balances	113,511	112,945
	<b>347,714</b>	<b>348,427</b>
<b>TOTAL ASSETS</b>	<b>411,878</b>	<b>412,280</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	119,422	119,151
Treasury shares	(1,287)	(1,287)
Foreign exchange reserve	7,481	6,489
Revaluation reserve	4,117	4,117
Share option reserve	361	361
Retained profits	101,878	95,684
<b>Equity attributable to owners of the Company</b>	<b>231,972</b>	<b>224,515</b>
Non-controlling interests	67,739	65,056
<b>Total Equity</b>	<b>299,711</b>	<b>289,571</b>
<b>NON-CURRENT LIABILITIES</b>		
Other payables	352	353
Long term borrowings	19 1,547	3,340
Deferred tax liabilities	72	29
Lease liabilities	1,888	1,553
	<b>3,859</b>	<b>5,275</b>
<b>CURRENT LIABILITIES</b>		
Other payables	30,929	24,773
Trade payables	56,330	55,415
Employee benefits	1,252	1,189
Provision for taxation	2,009	1,689
Short term borrowings	19 8,081	11,467
Contract liabilities	8,414	21,162
Lease liabilities	1,293	1,739
	<b>108,308</b>	<b>117,434</b>
<b>TOTAL LIABILITIES</b>	<b>112,167</b>	<b>122,709</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>411,878</b>	<b>412,280</b>
<b>NET ASSETS PER SHARE (SEN)</b>	<b>73.1</b>	<b>70.9</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 2022.

The accompanying notes are an integral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**

	<b>CURRENT YEAR TO DATE</b>	<b>PREVIOUS YEAR TO DATE</b>
	<b>31/12/2022 RM'000</b>	<b>31/12/2021 RM'000</b>
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>		
Profit before taxation	18,709	22,068
Adjustments for:		
Allowance for impairment lossess on trade receivables	128	244
Allowance for slow moving inventories	97	51
Reversal of impairment on receivables	(648)	(1,746)
Depreciation of property, plant and equipment	1,061	958
Depreciation of right of use asset	1,062	1,009
Provision for end of service benefit	-	59
Gain on disposal of property, plant and equipment	(133)	(40)
Unrealised gain on foreign exchange	(49)	(50)
Finance income,net	(695)	(116)
<b>Operating profit before working capital changes</b>	<b>19,532</b>	<b>22,437</b>
Increase in inventories	(3,262)	(5,624)
Decrease in receivables	5,217	45,204
Decrease in payables	(6,542)	(15,118)
(Increase)/Decrease in amount owing by an associate	(96)	128
<b>Cash generated from operations</b>	<b>14,849</b>	<b>47,027</b>
Interest paid	(315)	(763)
Taxes paid	(5,450)	(3,182)
Zakat paid	(60)	(60)
<b>Net cash generated from operating activities</b>	<b>9,024</b>	<b>43,022</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Withdrawa/(Placement) of short term investment	1,765	(5,194)
Purchase of property, plant and equipment	(1,657)	(1,655)
Purchase of intangible asset	(3)	-
Proceeds from disposals of property, plant and equipment	133	-
Interest received	1,010	879
<b>Net cash generated from/(used in) investing activities</b>	<b>1,248</b>	<b>(5,970)</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Repayment of revolving credit/term loans	(4,818)	(8,033)
(Repayment)/Drawdown of hire purchase and lease payables	(111)	109
Repayment of trade loan	(936)	(8,655)
Drawdown/(Repayment) of overdraft facilities	575	(87)
Proceed from exercise of employee share options	270	39
Dividends paid to owners	(4,767)	(3,165)
Dividends paid to non-controlling interest	(1,470)	(2,450)
<b>Net cash used in financing activities</b>	<b>(11,257)</b>	<b>(22,242)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(985)</b>	<b>14,810</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>112,945</b>	<b>89,436</b>
Effects of exchange differences	1,551	77
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>113,511</b>	<b>104,323</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	57,387	60,042
Deposits with licensed bank	56,124	44,281
	<b>113,511</b>	<b>104,323</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 2022.

The accompanying notes are an integral part of this statement.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 DECEMBER 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
<b><u>31 December 2022</u></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>
<b><u>31 December 2021</u></b>									
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	-	-	-	-	-	12,585	12,585	5,149	17,734
- Foreign currency translation reserve	-	-	(484)	-	-	-	(484)	522	38
Total comprehensive income for the financial year	-	-	(484)	-	-	12,585	12,101	5,671	17,772
Transaction with owners:									
- Exercise of employee share options	39	-	-	-	-	-	39	-	39
- Dividends paid on shares to owner of the company	-	-	-	-	-	(3,165)	(3,165)	-	(3,165)
- Dividends paid on shares to Non-controlling interest	-	-	-	-	-	-	-	(2,450)	(2,450)
<b>At 31 December 2021</b>	<b>119,072</b>	<b>(1,287)</b>	<b>4,850</b>	<b>4,024</b>	<b>572</b>	<b>88,065</b>	<b>215,296</b>	<b>60,129</b>	<b>275,425</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 2022.

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 2022**

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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 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 SECOND QUARTER ENDED 31 DECEMBER 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:

		<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 2022 <sup>^</sup> / 1 January 2023 <sup>#</sup>
MFRS 3	Business Combinations	1 January 2022/ 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>
MFRS 9	Financial Instruments	1 January 2022 <sup>^</sup> / 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 2022 <sup>^</sup>
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 <sup>#</sup>
MFRS 107	Statements of Cash Flows	1 January 2023 <sup>#</sup>
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 <sup>#</sup>
MFRS 119	Employee Benefits	1 January 2023 <sup>#</sup>
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 2022/ 1 January 2023 <sup>#</sup>
MFRS 138	Intangible Assets	1 January 2023 <sup>#</sup>
MFRS 140	Investment Property	1 January 2023 <sup>#</sup>
MFRS 141	Agriculture	1 January 2022 <sup>^</sup>

<sup>^</sup> The Annual Improvements to MFRS Standards 2018 - 2020

<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 2022**

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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 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 SECOND QUARTER ENDED 31 DECEMBER 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) 17,292,786 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) 2,400,000 ordinary shares were issues at an exercise price of 23.7 sen per share

Options to subscribe for 6,958,282 ordinary shares remain unexercised.

Treasury Shares

The number of treasury shares held as at 31 December 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 31 December 2022	4,628,700	1,287,081

**7. DIVIDENDS PAID**

On 30 December 2022, the Company paid a Final Single-Tier Dividend of 1.5 sen per ordinary share in respect of the financial year ended 30 June 2022 amounting to approximately of RM4.8m.

**8. SEGMENTAL INFORMATION**

The segment information for the current period ended 31 December 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	2,490	110,458	44,553	43,440	7,526	-	(15,890)	192,577
Profit/(Loss) before tax	1,199	5,750	4,033	9,196	80	(19)	(1,530)	18,709
Segment assets	119,394	182,387	69,029	139,948	33,532	10	(132,422)	411,878

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**

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**9. CARRYING AMOUNT OF REVALUED ASSETS**

Not Applicable.

**10. SIGNIFICANT AND SUBSEQUENT EVENT**

No material events subsequent to 31 December 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 SECOND QUARTER ENDED 31 DECEMBER 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**

<b>Revenue</b>	<b>Current quarter ended 31 December 2022 RM'000</b>	<b>Preceding year corresponding quarter ended 31 December 2021 RM'000</b>	<b>Current period to-date ended 31 December 2022 RM'000</b>	<b>Preceding year corresponding period ended 31 December 2021 RM'000</b>
Facilities	52,527	46,955	110,458	87,839
Environment	24,078	22,856	43,440	36,346
Engineering	22,829	21,308	44,553	38,517
Investment holdings	1,980	3,030	2,490	3,510
Rail	5,132	3,854	7,526	7,206
<b>Total</b>	<b>106,546</b>	<b>98,003</b>	<b>208,467</b>	<b>173,418</b>
Less: Elimination	(10,248)	(7,923)	(15,890)	(13,487)
<b>Consolidated Total</b>	<b>96,298</b>	<b>90,080</b>	<b>192,577</b>	<b>159,931</b>

<b>Profit/(Loss) before tax</b>	<b>Current quarter ended 31 December 2022 RM'000</b>	<b>Preceding year corresponding quarter ended 31 December 2021 RM'000</b>	<b>Current period to-date ended 31 December 2022 RM'000</b>	<b>Preceding year corresponding period ended 31 December 2021 RM'000</b>
Facilities	2,294	5,526	5,750	8,917
Environment	5,308	9,981	9,196	11,516
Engineering	2,157	713	4,033	1,472
Investment holdings	1,325	2,332	1,199	2,208
Rail	554	456	80	520
Others	(7)	(4)	(19)	(15)
<b>Total</b>	<b>11,631</b>	<b>19,004</b>	<b>20,239</b>	<b>24,618</b>
Less: Elimination	(1,530)	(2,550)	(1,530)	(2,550)
<b>Consolidated Total</b>	<b>10,101</b>	<b>16,454</b>	<b>18,709</b>	<b>22,068</b>

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**

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

**13.1 Facilities Division**

**Quarter on Quarter (“QoQ”)**

Revenue for Q2/FY23 amounted to RM52.5m, compared to RM57.9m in Q1/FY23, a decrease of RM5.4m/9.3%. The reduction was mainly attributable to the completion of additional works of approximately RM7m undertaken under the concession segment during the immediate preceding quarter as well as lower contribution from CARP at RM3.2m vs RM4.8m.

Arising from the above, the division’s PBT decreased by RM1.2m/33.7% to RM2.3m in Q2/FY23 from RM3.5m in Q1/FY23.

**Current quarter vs preceding year corresponding quarter**

The revenue for the current quarter Q2/FY23 was higher by RM5.6m/11.9% against the preceding year’s corresponding quarter Q2/FY22 due to new projects under the Healthcare segment.

Despite the higher revenue, PBT of the division was lower by RM3.2m/58.5% due to higher operating costs during the quarter under review as well as the reversal of bonus provision recorded in the preceding year’s corresponding quarter Q2/FY22 amounting to RM2.2m.

**13.2 Environment Division**

**QoQ**

The division’s revenue for the quarter under review Q2/FY23 amounted to RM24.1m compared to the immediate preceding quarter Q1/FY23, at RM19.4m. The increase of RM4.7m/24.4% was largely due to higher projects progress undertaken by the Singapore and Malaysia regions during the current quarter under review.

Arising from the higher revenue, the division recorded a PBT of RM5.3m in the current quarter under review Q2/FY23 as compared to PBT of RM3.9m in Q1/FY23, an increase of RM1.4m/36.5%.

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**

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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/FY23 was RM24.1m vs RM22.9m in Q2/FY22, an increase of RM1.2m/5.3% mainly attributable to better projects progress in the Singapore and Malaysia regions.

Despite of higher revenue, the PBT decreased by RM4.7m/46.8% in the current quarter under review Q2/FY23 compared to preceding year corresponding quarter Q2/FY22 due to lower margins recorded from projects as well as lower trade receivables recovery of RM0.2m compared to RM1.7m in Q2/FY22.

**13.3 Engineering Division****QoQ**

The revenue for Q2/FY23 amounted to RM22.8m compared to RM21.7m in Q1/FY23, an increase of RM1.1m/5.1%.

Consequent to the above, the division recorded a higher PBT of RM2.2m in Q2/FY23 vs PBT of RM1.9m in Q1/FY23.

**Current quarter vs preceding year corresponding quarter**

The revenue for the current quarter Q2/FY23 was RM22.8m vs RM21.3m in Q2/FY22, an increase of RM1.5m/7.1%. The higher revenue recorded was mainly attributable to better project progress and order fulfillment by the Singapore aircond segment during the quarter under review.

The turnaround by the Singapore aircond segment during the quarter under review contributed towards the division's higher PBT of RM2.2m in Q2/FY23 vs PBT of RM0.7m in Q2/FY22.

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**

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

**13.4 Rail Division**

**QoQ**

Revenue for Q2/FY23 was RM5.1m compared to RM2.4m in Q1/FY23, a significant increase of RM2.7m/>100%. The higher revenue recorded in Q2/FY23 was attributable to better project progress and order fulfillments by the division.

Arising from the above, the division recorded a PBT of RM0.5m as compared to LBT of RM0.5m in Q1/FY23.

**Current quarter vs preceding year corresponding quarter**

The revenue in Q2/FY23 was RM5.1m compared to RM3.9m in Q2/FY22, an increase of RM1.2m/33.2%.

Hence the division recorded PBT of RM0.5m in Q2/FY23 vs PBT of RM0.3m in Q2/FY22.

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

	Current quarter ended 31 December 2022	Preceding quarter ended 30 September 2022	Favorable/ (Adverse) Variance
	RM'000	RM'000	RM'000
Revenue	96,298	96,279	19
Profit before taxation and zakat	10,101	8,608	1,493

On a QoQ basis, revenue remained relatively unchanged with the lower revenue of the Facilities division being made up by the other divisions in the current quarter as compared to Q1/FY23.

Arising from the above as well as points highlighted under the respective business divisions, the Group recorded a PBT of RM10.1m in the current quarter under review compared to a PBT of RM8.6m in the immediate preceding quarter, an increase of RM1.5m/17.3%.

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**

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**15. COMMENTARY ON PROSPECTS**

The Board remains cautiously optimistic of the Group's financial performance for the second half of the current financial year. Prudent management and fulfilment of its orderbook of more than RM900 million will remain key factors driving 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.

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**

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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.

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**


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**17. INCOME TAX EXPENSE**

	Current quarter ended 31 December 2022 RM'000	Period to date ended 31 December 2022 RM'000
Profit before taxation and zakat	10,101	8,608
Income tax expense for the year	<u>(2,109)</u>	<u>(1,935)</u>
Effective tax rate	<u>21%</u>	<u>22%</u>

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 31 December 2022 RM'000	As at 31 December 2021 RM'000
Secured short-term borrowings:		
Term loan	353	9
Revolving credit	3,800	4,000
Trade loan	1,372	2,989
Bank Overdraft	<u>2,556</u>	<u>2,358</u>
Total short-term borrowings	<u>8,081</u>	<u>9,356</u>
Secured long-term borrowings:		
Term loan	<u>1,547</u>	<u>6,889</u>
Total long-term borrowings	<u>1,547</u>	<u>6,889</u>
Total borrowings	<u>9,628</u>	<u>16,245</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 STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**

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**20. MATERIAL LITIGATION**

Trackwork & Supplies Sdn. Bhd. (“the Petitioner”), a subsidiary of the Company, had through its solicitors, Messrs. Au & Partners, presented a Winding Up Petition at the Shah Alam High Court on 7 February 2023 pursuant to Section 465(1)(e) and Section 466(1)(a) of the Companies Act 2016 against Emrail Sdn. Bhd. (“the Respondent”) for the sum of RM2,163,420.00, indebted by the Respondent to the Petitioner wherein the Petitioner is seeking inter alia for the Respondent to be wound up by the Court and the incidental reliefs related thereto. The Court had fixed the aforesaid matter for case management on 21 March 2023 and hearing on 11 May 2023.

The Respondent filed an application to strike out and/or stay the Petitioner’s petition (‘the Application’). The Petitioner has filed an Affidavit-in-Reply in response to the Application. The hearing of the Application has been fixed on 3 March 2023.

The Board will make further announcements if there are any material updates on the aforesaid case.

**21. DIVIDEND DECLARED**

The Board of Directors is pleased to propose a first interim single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ending 30 June 2023. The book closure and payment dates for this dividend will be announced in due course.

**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 2022</b>	<b>Period to date ended 31 December 2022</b>
Profit attributable to owners of the Company (RM’000)	5,726	10,961
Weighted average number of ordinary shares in issue, excluding treasury shares (’000)	317,016	317,367
Basic earnings per share (sen)	<u>1.81</u>	<u>3.45</u>

There are no shares or other financial instruments in issue which have a dilutive effect on the earnings per share of the Group.

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**

**23. REALISED AND UNREALISED PROFITS**

	<b>As at 31 December 2022 RM'000</b>
Total retained profits of the Company and its subsidiaries:	
- Realised	196,952
- Unrealised	2,416
	<u>199,368</u>
Less: Consolidation adjustments	(97,490)
Total group retained profit as per consolidated accounts	<u>101,878</u>

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

	<b>Current quarter ended 31 December 2022 RM'000</b>	<b>Period to date ended 31 December 2022 RM'000</b>
Depreciation and amortisation	1,084	2,123
Foreign exchange gain	(22)	(49)
Gain on disposal of property, plant and equipment	(91)	(133)
Interest income	(592)	(1,010)
Interest expense	154	315
Impairment losses on trade receivables	89	128
Reversal of impairment on trade receivables	(573)	(648)
Other income	(260)	(346)

**25. AUTHORISATION FOR ISSUE**

This interim financial report has been approved by the Board of Directors of the Company for issuance on 23 February 2023.