
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 MARCH 2023**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT PERIOD QUARTER 31/3/2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2022 RM'000	CURRENT PERIOD TO DATE 31/3/2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2022 RM'000
Revenue	13	94,885	93,762	287,462	253,693
Cost of sales		(73,921)	(67,344)	(221,841)	(184,252)
Gross profit		20,964	26,418	65,621	69,441
Other operating income		1,024	1,060	2,294	4,109
Other operating expenses		(13,715)	(15,229)	(41,628)	(39,348)
Profit from operations		8,273	12,249	26,287	34,202
Finance income, net		427	(68)	1,122	48
Profit before taxation	13	8,700	12,181	27,409	34,250
Taxation	17	(1,188)	(2,148)	(5,232)	(6,422)
Zakat		(30)	(30)	(90)	(90)
Profit after taxation for the financial period		7,482	10,003	22,087	27,738
Other comprehensive income:					
Foreign currency translation differences		181	363	1,682	401
Total comprehensive income for the financial period		7,663	10,366	23,769	28,139
Profit attributable to:					
Owners of the Company		4,556	7,068	15,517	19,655
Non-controlling interests		2,926	2,935	6,570	8,083
		7,482	10,003	22,087	27,738
Total comprehensive income attributable to:					
Owners of the Company		4,733	7,288	16,686	19,390
Non-controlling interests		2,930	3,078	7,083	8,749
		7,663	10,366	23,769	28,139
Basic earnings per share (sen)	22	1.44	2.23	4.89	6.21

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 THIRD QUARTER ENDED 31 MARCH 2023**

	(Unaudited)		(Audited)		
	Note	AS AT		AS AT	
		31/3/2023	30/6/2022	31/3/2023	30/6/2022
		RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment		15,634	13,848	13,848	13,848
Investment properties		6,463	6,463	6,463	6,463
Intangible assets		36,788	36,785	36,785	36,785
Deferred tax assets		2,495	2,649	2,649	2,649
Right of use assets		3,262	4,108	4,108	4,108
		64,642	63,853	63,853	63,853
CURRENT ASSETS					
Inventories		37,848	35,836	35,836	35,836
Tax recoverable		8,857	5,559	5,559	5,559
Other receivables		22,040	14,250	14,250	14,250
Trade receivables		135,072	99,566	99,566	99,566
Contract assets		45,664	61,936	61,936	61,936
Due from associates		358	15	15	15
Asset classified as held for sale		380	380	380	380
Short term investment		6,448	17,941	17,941	17,941
Deposits with licensed banks, cash and bank balances		94,235	112,945	112,945	112,945
		350,902	348,427	348,427	348,427
TOTAL ASSETS		415,544	412,280	412,280	412,280
EQUITY AND LIABILITIES					
Equity					
Share capital		119,485	119,151	119,151	119,151
Treasury shares		(1,287)	(1,287)	(1,287)	(1,287)
Foreign exchange reserve		7,658	6,489	6,489	6,489
Revaluation reserve		4,117	4,117	4,117	4,117
Share option reserve		361	361	361	361
Retained profits		104,843	95,684	95,684	95,684
		235,177	224,515	224,515	224,515
Equity attributable to owners of the Company		235,177	224,515	224,515	224,515
Non-controlling interests		69,199	65,056	65,056	65,056
		304,376	289,571	289,571	289,571
NON-CURRENT LIABILITIES					
Other payables		352	353	353	353
Long term borrowings	19	929	3,340	3,340	3,340
Deferred tax liabilities		73	29	29	29
Lease liabilities		1,784	1,553	1,553	1,553
		3,138	5,275	5,275	5,275
CURRENT LIABILITIES					
Other payables		32,837	24,773	24,773	24,773
Trade payables		48,891	55,415	55,415	55,415
Employee benefits		1,283	1,189	1,189	1,189
Provision for taxation		1,585	1,689	1,689	1,689
Short term borrowings	19	9,302	11,467	11,467	11,467
Contract liabilities		12,514	21,162	21,162	21,162
Lease liabilities		1,618	1,739	1,739	1,739
		108,030	117,434	117,434	117,434
TOTAL LIABILITIES		111,168	122,709	122,709	122,709
TOTAL EQUITY AND LIABILITIES		415,544	412,280	412,280	412,280
NET ASSETS PER SHARE (SEN)		74.1	70.9	70.9	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 THIRD QUARTER ENDED 31 MARCH 2023**

	CURRENT YEAR TO DATE	PREVIOUS YEAR TO DATE
	31/3/2023	31/3/2022
	RM'000	RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	27,409	34,250
Adjustments for:		
Allowance for impairment losses on trade receivables	460	311
Allowance for slow moving inventories	229	116
Reversal of impairment on receivables	(1,053)	(2,207)
Depreciation of property, plant and equipment	1,649	1,423
Depreciation of right of use asset	1,557	1,531
Provision for end of service benefit	-	98
Inventories written off	-	122
Gain on disposal of property, plant and equipment	(225)	(40)
Unrealised gain on foreign exchange	(201)	(126)
Finance income, net	(1,122)	(48)
Operating profit before working capital changes	28,703	35,430
Increase in inventories	(2,241)	(4,424)
(Increase)/Decrease in receivables	(26,432)	19,400
Decrease in payables	(8,418)	(13,304)
(Increase)/Decrease in amount owing by an associate	(343)	128
Cash (used in)/generated from operations	(8,731)	37,230
Interest paid	(479)	(1,261)
Taxes paid	(8,437)	(6,930)
Zakat paid	(90)	(90)
Net cash (used in)/generated from operating activities	(17,737)	28,949
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal/(Placement) of short term investment	11,492	842
Purchase of property, plant and equipment	(2,740)	(2,054)
Purchase of intangible asset	(3)	-
Proceeds from disposals of property, plant and equipment	225	-
Interest received	1,601	1,309
Net cash generated from investing activities	10,575	97
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of revolving credit/term loans	(6,460)	(9,293)
(Repayment)/Drawdown of hire purchase and lease payables	109	275
Drawdown/(Repayment) of trade loan	1,409	(9,794)
Drawdown/(Repayment) of overdraft facilities	475	(70)
Proceed from exercise of employee share options	334	44
Dividends paid to owners	(6,358)	(4,748)
Dividends paid to non-controlling interest	(2,940)	(2,450)
Net cash used in financing activities	(13,431)	(26,036)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(20,593)	3,010
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	112,945	89,436
Effects of exchange differences	1,883	437
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	94,235	92,883
Cash and cash equivalents comprise:		
Cash and bank balances	39,443	42,223
Deposits with licensed bank	54,792	50,660
	94,235	92,883

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 THIRD QUARTER ENDED 31 MARCH 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
31 March 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	-	-	-	-	-	15,517	15,517	6,570	22,087
- Foreign currency translation reserve	-	-	1,169	-	-	-	1,169	513	1,682
Total comprehensive income for the financial year	-	-	1,169	-	-	15,517	16,686	7,083	23,769
Transaction with owners:									
- Exercise of employee share options	334	-	-	-	-	-	334	-	334
- 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 31 March 2023	119,485	(1,287)	7,658	4,117	361	104,843	235,177	69,199	304,376
31 March 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	-	-	-	-	-	19,655	19,655	8,083	27,738
- Foreign currency translation reserve	-	-	(265)	-	-	-	(265)	666	401
Total comprehensive income for the financial year	-	-	(265)	-	-	19,655	19,390	8,749	28,139
Transaction with owners:									
- Exercise of employee share options	44	-	-	-	-	-	44	-	44
- Dividends paid on shares to owner of the company	-	-	-	-	-	(4,748)	(4,748)	-	(4,748)
- Dividends paid on shares to Non-controlling interest	-	-	-	-	-	-	-	(2,450)	(2,450)
At 31 March 2022	119,077	(1,287)	5,069	4,024	572	93,552	221,007	63,207	284,214

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 THIRD QUARTER ENDED 31 MARCH 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 THIRD QUARTER ENDED 31 MARCH 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:

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 [^] / 1 January 2023 [#]
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023 [#]
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2023 [#]
MFRS 9	Financial Instruments	1 January 2022 [^] / 1 January 2023 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
MFRS 16	Leases	1 January 2022 [^]
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 [#]
MFRS 107	Statements of Cash Flows	1 January 2023 [#]
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023 [#]
MFRS 119	Employee Benefits	1 January 2023 [#]
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 [#]
MFRS 132	Financial Instruments: Presentation	1 January 2023 [#]
MFRS 136	Impairment of Assets	1 January 2023 [#]
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023 [#]
MFRS 138	Intangible Assets	1 January 2023 [#]
MFRS 140	Investment Property	1 January 2023 [#]
MFRS 141	Agriculture	1 January 2022 [^]

[^] The Annual Improvements to MFRS Standards 2018 - 2020

[#] Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 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 THIRD QUARTER ENDED 31 MARCH 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) 2,420,000 ordinary shares were issues at an exercise price of 23.7 sen per share

Options to subscribe for 6,699,782 ordinary shares remain unexercised.

Treasury Shares

The number of treasury shares held as at 31 March 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 31 March 2023	4,628,700	1,287,081

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 31 March 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	6,000	159,337	61,973	73,093	12,567	-	(25,508)	287,462
Profit/(Loss) before tax	4,014	6,388	5,294	15,400	873	-	(4,560)	27,409
Segment assets	116,984	181,697	66,519	145,236	37,749	10	(132,651)	415,544

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2023

9. CARRYING AMOUNT OF REVALUED ASSETS

Not Applicable.

10. SIGNIFICANT AND SUBSEQUENT EVENT

No material events subsequent to 31 March 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 AWC Facilities Engineering Sdn. Bhd. ("AWCFE"), a 75% owned subsidiary of AWC, has on 22 March 2023, held its Extraordinary General Meeting at 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")

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 THIRD QUARTER ENDED 31 MARCH 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 ended	Preceding year corresponding quarter ended	Current period to-date ended	Preceding year corresponding period ended
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Facilities	48,879	52,002	159,337	139,840
Environment	29,653	20,198	73,093	56,543
Engineering	17,420	22,023	61,973	60,540
Investment holdings	3,510	1,980	6,000	5,490
Rail	5,041	4,795	12,567	12,002
Total	104,503	100,998	312,970	274,415
Less: Elimination	(9,618)	(7,236)	(25,508)	(20,722)
Consolidated Total	94,885	93,762	287,462	253,693

Profit/(Loss) before tax	Current quarter ended	Preceding year corresponding quarter ended	Current period to-date ended	Preceding year corresponding period ended
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Facilities	638	4,169	6,388	13,085
Environment	6,204	5,576	15,400	17,092
Engineering	1,261	1,288	5,294	2,760
Investment holdings	2,844	1,235	4,043	3,443
Rail	793	1,427	873	1,946
Others	(10)	(14)	(29)	(26)
Total	11,730	13,681	31,969	38,300
Less: Elimination	(3,030)	(1,500)	(4,560)	(4,050)
Consolidated Total	8,700	12,181	27,409	34,250

**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2023**

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.1 Facilities Division

Quarter on Quarter (“QoQ”)

Revenue for Q3/FY23 amounted to RM48.9m, compared to RM52.5m in Q2/FY23, a decrease of RM3.6m/6.9%. The reduction was due to lower CARP recognition, absence of additional works as well as a one-time adjustment arising from the CIQ project.

Arising from the above, the division’s PBT decreased by RM1.6m/72.2% to RM638k in Q3/FY23 from RM2.3m in Q2/FY23, which was also compounded by costs from an increase in unscheduled works.

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q3/FY23 was lower by RM3.1m/6% against the preceding year’s corresponding quarter Q3/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. A one-time adjustment arising from the CIQ project further contributed to the revenue reduction.

PBT of the division was lower by RM3.5m/84.7% due to the lower revenue as well as being weighed by costs from an increase in unscheduled works.

13.2 Environment Division

QoQ

The division’s revenue for the quarter under review Q3/FY23 amounted to RM29.6m compared to the immediate preceding quarter Q2/FY23, at RM24.1m. The increase of RM5.5m/23.2% was largely due to higher projects progress undertaken by the Singapore region during the current quarter under review.

Arising from the higher revenue, the division recorded a PBT of RM6.2m in the current quarter under review Q3/FY23 as compared to PBT of RM5.3m in Q2/FY23, an increase of RM0.9m/16.9%.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 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 Q3/FY23 was RM29.6m vs RM20.2m in Q3/FY22, an increase of RM9.4m/46.8% mainly attributable to better projects progress in the Singapore region.

Despite the higher revenue, PBT only increased by RM0.6m/11.3% in the current quarter under review Q3/FY23 compared to preceding year corresponding quarter Q3/FY22 due to lower margins recorded from certain projects in the Singapore region weighed down by a combination of unfavorable procurement as well as labour costs.

13.3 Engineering Division

QoQ

The revenue for Q3/FY23 amounted to RM17.4m compared to RM22.8m in Q2/FY23, a decrease of RM5.4m/23.7% mainly due to lower revenue recognized arising from a project delay under the Plumbing segment.

Consequent to the above, the division recorded a lower PBT of RM1.3m in Q3/FY23 vs PBT of RM2.2m in Q2/FY23.

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q3/FY23 was RM17.4m vs RM22.0m in Q3/FY22, a decrease of RM4.6m/20.9%. The lower revenue recorded was mainly attributable to the Plumbing segment project delay during the quarter under review.

Despite of lower revenue, the PBT remained relatively unchanged at RM1.2m due to the turn around by the Singapore aircond segment.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2023

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.4 Rail Division

QoQ

The Division recorded a marginally lower revenue for Q3/FY23 of RM5.0m compared to RM5.1m in Q2/FY23, a slightly decrease of RM0.1m/1.8%. The more favorable product mix contributed towards an improvement in margins recorded during the quarter under review.

Arising from the above, the division recorded a PBT of RM0.8m as compared to RM0.5m in Q2/FY23, an increase of RM0.3m/43.2%.

Current quarter vs preceding year corresponding quarter

The revenue in Q3/FY23 was RM5.0m compared to RM4.8m in Q3/FY22, an increase of RM0.2m/5.1%. However margins recorded was lower compared to projects margin achieved in corresponding quarter.

Hence the division recorded PBT of RM0.8m in Q3/FY23 vs PBT of RM1.4m in Q3/FY22.

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

	Current quarter ended 31 March 2023	Preceding quarter ended 31 December 2022	Favorable/ (Adverse) Variance
	RM'000	RM'000	RM'000
Revenue	<u>94,885</u>	<u>96,298</u>	<u>(1,413)</u>
Profit before taxation and zakat	<u>8,700</u>	<u>10,101</u>	<u>(1,401)</u>

On a QoQ basis, revenue decreased by RM1.4m/1.5%.

Arising from the above as well as points highlighted under the respective business divisions, the Group recorded a PBT of RM8.7m in the current quarter under review compared to a PBT of RM10.1m in the immediate preceding quarter, a decrease of RM1.4m/13.8%.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2023

15. COMMENTARY ON PROSPECTS

With one final quarter remaining for the current financial year, the Board remains cautiously optimistic of the Group's financial performance. Management is actively reviewing the operational cost structures as well as improving supply chain management of the Group. These as well as prudent management and fulfilment of its orderbook of more than RM800 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.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 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 THIRD QUARTER ENDED 31 MARCH 2023

17. INCOME TAX EXPENSE

	Current quarter ended 31 March 2023 RM'000	Period to date ended 31 March 2023 RM'000
Profit before taxation and zakat	8,700	27,409
Income tax expense for the year	(1,188)	(5,232)
Effective tax rate	14%	19%

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 March 2023 RM'000	As at 31 March 2022 RM'000
Secured short-term borrowings:		
Term loan	1,529	2,717
Revolving credit	1,600	3,000
Trade loan	3,717	1,851
Bank Overdraft	2,456	2,375
Total short-term borrowings	<u>9,302</u>	<u>9,943</u>
Secured long-term borrowings:		
Term loan	929	3,922
Total long-term borrowings	<u>929</u>	<u>3,922</u>
Total borrowings	<u>10,231</u>	<u>13,865</u>

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 THIRD QUARTER ENDED 31 MARCH 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

On 23 February 2023, the Company had declared the first interim single-tier dividend of 0.5 sen per ordinary shares in respect of the financial year ending 30 June 2023 (2022: 0.5 sen) which was paid on 5 April 2023. Other than this, no dividend has been paid and declared in the current quarter.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 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 31 March 2023	Period to date ended 31 March 2023
Profit attributable to owners of the Company (RM'000)	4,556	15,517
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	317,044	317,440
Basic earnings per share (sen)	1.44	4.89

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 31 March 2023 RM'000
Total retained profits of the Company and its subsidiaries:	
- Realised	201,513
- Unrealised	2,277
	203,790
Less: Consolidation adjustments	(98,947)
Total group retained profit as per consolidated accounts	104,843

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2023

24. ITEMS INCLUDED IN CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Current quarter ended 31 March 2023 RM'000	Period to date ended 31 March 2023 RM'000
Depreciation and amortisation	1,083	3,206
Foreign exchange gain	(152)	(201)
Gain on disposal of property, plant and equipment	(92)	(225)
Interest income	(591)	(1,601)
Interest expense	164	479
Impairment losses on trade receivables	332	460
Reversal of impairment on trade receivables	(405)	(1,053)
Other income	(323)	(669)

25. AUTHORISATION FOR ISSUE

This interim financial report has been approved by the Board of Directors of the Company for issuance on 29 May 2023.