

AWC BERHAD

(Company No. 550098-A)



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT PERIOD QUARTER 30/6/2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2021 RM'000	CURRENT YEAR TO DATE 30/6/2022 RM'000	PRECEDING YEAR CORRESPONDING YEAR 30/6/2021 RM'000
Revenue	13	101,496	97,014	355,190	343,913
Cost of sales		(75,560)	(65,022)	(259,814)	(245,725)
Gross profit		25,936	31,992	95,376	98,188
Other operating income		1,204	1,441	5,313	6,074
Other operating expenses		(18,307)	(22,897)	(57,655)	(56,538)
Profit from operations		8,833	10,536	43,034	47,724
Finance income/(costs), net		344	44	392	(62)
Share of loss of associates		-	(52)	-	(176)
Profit before taxation	13	9,177	10,528	43,426	47,486
Taxation	17	(2,310)	(2,605)	(8,731)	(8,568)
Zakat		(30)	-	(120)	-
Profit after taxation for the financial period		6,837	7,923	34,575	38,918
Other comprehensive income:					
Foreign currency translation differences		1,564	139	1,965	(433)
Total comprehensive income for the financial period		8,401	8,062	36,540	38,485
Profit attributable to:					
Owners of the Company		2,107	2,678	21,762	25,859
Non-controlling interests		4,730	5,245	12,813	13,059
		6,837	7,923	34,575	38,918
Total comprehensive income attributable to:					
Owners of the Company		3,034	2,754	22,424	25,416
Non-controlling interests		5,367	5,308	14,116	13,069
		8,401	8,062	36,540	38,485
Basic earnings per share (sen)	22	0.67	0.85	6.87	8.43

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2021.

The accompanying notes are an integral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**

	(Unaudited)	(Audited)
	AS AT	AS AT
Note	30/6/2022	30/6/2021
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	14,478	13,323
Investment properties	6,463	7,543
Intangible assets - goodwill	36,786	39,574
Deferred tax assets	2,697	3,046
Right of use assets	3,483	3,663
	63,907	67,149
CURRENT ASSETS		
Inventories	32,501	29,583
Tax recoverable	5,324	3,720
Other receivables	14,667	16,155
Trade receivables	100,273	120,394
Contract assets	53,937	57,863
Due from associated company	-	128
Asset held for sale	363	-
Short term investment	16,678	19,686
Deposits with licensed banks, cash and bank balances	114,207	89,436
	337,950	336,965
TOTAL ASSETS	401,857	404,114
EQUITY AND LIABILITIES		
Equity		
Share capital	119,151	119,033
Treasury shares	(1,287)	(1,287)
Foreign exchange reserve	5,996	5,334
Revaluation reserve	4,117	4,024
Share option reserve	361	572
Retained profits	95,915	78,645
Equity attributable to owners of the Company	224,253	206,321
Non-controlling interests	65,724	56,908
Total Equity	289,977	263,229
NON-CURRENT LIABILITIES		
Other payables	353	353
Long term borrowings	19 5,697	7,385
Deferred tax liabilities	226	7
Lease liabilities	2,058	1,223
	8,334	8,968
CURRENT LIABILITIES		
Other payables	31,359	27,254
Trade payables	54,618	51,090
Employee benefits	1,189	994
Provision for taxation	1,447	3,015
Short term borrowings	19 9,122	25,636
Contract liabilities	4,768	22,075
Lease liabilities	1,043	1,853
	103,546	131,917
TOTAL LIABILITIES	111,880	140,885
TOTAL EQUITY AND LIABILITIES	401,857	404,114
NET ASSETS PER SHARE (SEN)	70.8	65.2

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2021.

The accompanying notes are an integral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2022**

	CURRENT YEAR TO DATE 30/6/2022 RM'000	PREVIOUS YEAR TO DATE 30/6/2021 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	43,426	47,486
Adjustments for:		
Allowance for impairment losses on trade receivables	3,300	6,746
Allowance for slow moving inventories	274	283
Reversal of impairment on receivables	(2,442)	(2,835)
Depreciation of property, plant and equipment	1,911	1,821
Depreciation of right of use asset	2,362	2,585
Provision for end of service benefit	195	101
Impairment loss on goodwill	2,789	2,136
Impairment loss on asset held for sale	137	-
Property, Plant and Equipment written off	11	-
Share of result of an associate	-	157
Gain on disposal of property, plant and equipment	(93)	(119)
Gain on disposal of investment properties	(145)	-
Fair value loss on investment properties	-	733
Share options granted under Share Option Plan	(210)	(99)
Unrealised gain on foreign exchange	(320)	(396)
Finance (income)/expenses, net	(392)	62
Operating profit before working capital changes	50,803	58,661
(Increase)/Decrease in inventories	(3,192)	181
Decrease/(Increase) in receivables	24,678	(22,246)
Decrease in payables	(11,854)	(2,239)
Decrease in amount owing by an associate	128	-
Cash generated from operations	60,563	34,357
Interest paid	(989)	(1,723)
Taxes paid	(11,336)	(7,486)
Zakat paid	(120)	-
Net cash generated from operating activities	48,118	25,148
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawal of short term investment	3,007	604
Purchase of property, plant and equipment	(3,051)	(2,703)
Purchase of right of use asset	-	(916)
Proceeds from disposals of property, plant and equipment	112	4
Proceeds from disposals of investment properties	725	-
Acquisition of investment property via contra	-	(3,086)
Revaluation of property	93	-
Final shares consideration to non-controlling interest in regards of acquisition of a subsidiary	-	5,969
Interest received	1,381	1,661
Net cash generated from investing activities	2,267	1,533
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of revolving credit/term loans	(7,496)	(559)
Drawdown/(Repayment) of hire purchase and lease payables	24	(2,158)
(Repayment)/Drawdown of trade loan	(10,241)	371
(Repayment)/Drawdown of overdraft facilities	(465)	2,446
Proceed from exercise of employee share options	118	516
Dividends paid to owners	(4,492)	(1,578)
Dividends paid to non-controlling interest	(5,300)	(2,450)
Net cash used in financing activities	(27,852)	(3,412)
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,533	23,269
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	89,436	67,720
Effects of exchange differences	2,238	(202)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	114,207	90,787
Cash and cash equivalents comprise:		
Cash and bank balances	62,334	53,761
Deposits with licensed bank	51,873	37,026
	114,207	90,787

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2021.

The accompanying notes are an integral part of this statement.

AWC BERHAD

(Company No. 550098-A)



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

	Share Capital RM'000	Treasury Shares RM'000	Foreign Exchange Reserves RM'000	Revaluation Reserves RM'000	Share Option Reserves RM'000	Distributable Retained Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
30 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
30 June 2021									
At 1 July 2020	112,264	(1,287)	5,516	4,024	670	55,240	176,427	45,672	222,099
Other comprehensive income for the financial year	-	-	-	-	-	25,859	25,859	13,059	38,918
- Foreign currency translation reserve	-	-	(443)	-	-	-	(443)	10	(433)
Total comprehensive income for the financial year	-	-	(443)	-	-	25,859	25,416	13,069	38,485
Transaction with owners:									
- Exercise of employee share options	801	-	-	-	-	-	801	-	801
- Final shares issued for acquisition of a subsidiary	5,969	-	-	-	-	-	5,969	-	5,969
- Value of employees' services pursuant to ESOS	-	-	-	-	(98)	-	(98)	-	(98)
- Share options lapsed	-	-	-	-	-	93	93	-	93
- Dividends paid on shares to owner of the company	-	-	-	-	-	(1,578)	(1,578)	-	(1,578)
- Dividends paid on shares to Non-controlling interest	-	-	-	-	-	-	-	2,450	(2,450)
At 30 June 2021	119,034	(1,287)	5,073	4,024	572	79,614	207,030	56,291	263,321

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 2021.

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 2022

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

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

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021.

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 2021.

Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”)

The Group and the Company have adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 16	Leases
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures

New IC Int

IC Int 23	Uncertainty over Income Tax Treatments
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The adoption of the above new MFRS, amendments/improvements to MFRSs and new IC Int 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 2022

1. BASIS OF PREPARATION (CONTINUED)

New MFRSs, amendments/Improvements to MFRSs and new IC Interpretation (“IC Int”) and amendments to IC Int that have been issued, but yet to be effective:

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

		Effective for financial periods beginning on or after
<u>New MFRSs</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 2020/ 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 2020/ 1 January 2023 [#]
MFRS 9	Financial Instruments	1 January 2020/ 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 101	Presentation of Financial Statements	1 January 2020/ 1 January 2023/ 1 January 2023 [#]
MFRS 107	Statements of Cash Flows	1 January 2023 [#]
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
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 139	Financial Instruments: Recognition and Measurement	1 January 2020
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 2022

1. BASIS OF PREPARATION (CONTINUED)

New MFRSs, amendments/Improvements to MFRSs and new IC Interpretation (“IC Int”) and amendments to IC Int that have been issued, but yet to be effective:

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarized below:

Annual Improvements to MFRS Standards 2018–2020

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 *Financial Instruments* – clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combination

The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

The amendments, amongst others, clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments also update by replacing a reference to an old version of the *Conceptual Framework for Financial Reporting* with a reference to the latest version which was issued by MASB in April 2018.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

1. BASIS OF PREPARATION (CONTINUED)

New MFRSs, amendments/Improvements to MFRSs and new IC Interpretation (“IC Int”) and amendments to IC Int that have been issued, but yet to be effective:

- (b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarized below:

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error

The amendments refine the definition by including ‘obscuring information’ in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company’s financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity’s right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

1. BASIS OF PREPARATION (CONTINUED)

New MFRSs, amendments/Improvements to MFRSs and new IC Interpretation (“IC Int”) and amendments to IC Int that have been issued, but yet to be effective:

- (b) The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below (continued).

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

- (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 2021 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.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

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.

6. DEBT AND EQUITY SECURITIES

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

- i) 17,242,786 ordinary shares were issued at an exercise price of 33.6 sen per share;
- ii) 3,360,312 ordinary shares were issued at an exercise price of 42.3 sen per share;
- iii) 450,150 ordinary shares were issued at an exercise price of 72.3 sen per share;
- iv) 100,000 ordinary shares were issued at an exercise price of 75.1 sen per share;
- and
- v) 1,330,000 ordinary shares were issues at an exercise price of 23.7 sen per share

Options to subscribe for 8,271,282 ordinary shares remain unexercised.

Treasury Shares

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

	No. of shares	Amount RM
Balance of treasury shares as at 1 July 2021	4,628,700	1,287,081
Add: Purchase of treasury shares during the year under review	-	-
Balance of treasury shares as at 30 June 2022	<u>4,628,700</u>	<u>1,287,081</u>

7. DIVIDENDS PAID

On 5 April 2022, the Company paid the First Interim Single-Tier dividend of 0.5 sen per ordinary share in respect of the financial year ending 30 June 2022 amounting to approximately of RM1.6m.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

8. SEGMENTAL INFORMATION

The segment information for the current period ended 30 June 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	13,620	192,954	80,460	81,900	20,948	-	(34,692)	355,190
Profit/(Loss) before tax	10,402	15,830	1,208	26,532	3,452	(31)	(13,967)	43,426
Segment assets	124,173	175,866	67,139	129,678	34,127	10	(129,138)	401,855

9. CARRYING AMOUNT OF REVALUED ASSETS

Not Applicable.

10. SIGNIFICANT AND SUBSEQUENT EVENT

No material events subsequent to 30 June 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.

AWC BERHAD

(Company No. 550098-A)



EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

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

Revenue	Current quarter ended	Preceding year corresponding quarter ended	Current year to-date ended	Preceding year corresponding year ended
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Facilities	53,114	46,260	192,954	185,349
Environment	25,357	27,922	81,900	81,878
Engineering	19,919	16,990	80,460	75,973
Investment holdings	8,130	5,830	13,620	10,780
Rail	8,946	10,868	20,948	22,606
Total	115,466	107,870	389,882	376,586
Less: Elimination	(13,970)	(10,856)	(34,692)	(32,673)
Consolidated Total	101,496	97,014	355,190	343,913

Profit/(Loss) before tax	Current quarter ended	Preceding year corresponding quarter ended	Current year to-date ended	Preceding year corresponding year ended
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Facilities	2,745	3,163	15,830	16,362
Environment	9,441	11,286	26,532	27,599
Engineering	(1,551)	(3,632)	1,208	3,041
Investment holdings	6,959	5,114	10,402	7,968
Rail	1,505	1,758	3,452	3,213
Others	(4)	112	(31)	86
Total	19,095	17,801	57,393	58,269
Less: Elimination	(9,918)	(7,273)	(13,967)	(10,783)
Consolidated Total	9,177	10,528	43,426	47,486

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.1 Facilities Division

Quarter on Quarter (“QoQ”)

Revenue for Q4/FY22 amounted to RM53.1m, compared to RM52.0m in Q3/FY22, an increase of RM1.1m/2.1%.

The division’s PBT decreased by RM1.5m/35.7% from RM4.2m in Q3/FY22 to RM2.7m in Q4/FY22, mainly attributable to the implementation of Minimum Wage Order 2022 (MWO) effectively in May resulting in higher direct cost weighing on margins.

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q4/FY22 was higher by RM6.8m/14.7% against the preceding year’s corresponding quarter Q4/FY21 mainly attributable to higher CARP revenue recognition by RM3m as well as recognition of revenue from new project sites.

Nonetheless, the PBT of the division had decreased marginally by RM0.5m/15.6% arising from the implementation of the MWO in the current quarter under review.

13.2 Environment Division

QoQ

The division’s revenue for the quarter under review Q4/FY22 amounted to RM25.4m compared to the immediate preceding quarter Q3/FY22, at RM20.2m. The increase of RM5.2m/25.7% was largely due to better progress of projects undertaken by the Singapore and Middle East region during the current quarter under review.

Arising from the higher revenue , PBT increased by RM3.8m/67.9% after taking a charge for impairment of receivables of RM0.8m in the current quarter under review Q4/FY22 compared to immediate preceding quarter Q3/FY22.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.2 Environment Division(continued)

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q4/FY22 was RM25.4m vs RM27.9m in Q4/FY21, a decrease of RM2.5m/9.0% mainly attributable to adverse projects progress in the Singapore regions.

Consequent to the above, the PBT decreased by RM1.9m/16.8% in the current quarter under review Q4/FY22 compared to preceding year corresponding quarter Q4/FY21.

13.3 Engineering Division

QoQ

The revenue for Q4/FY22 amounted to RM19.9m compared to RM22.0m in Q3/FY22, a decrease of RM2.1m/9.5% which was mainly attributable to lower projects progress undertaken by the Singapore Aircond segment in the current quarter under review.

The division recorded LBT of RM1.6m in Q4/FY22 vs PBT of RM1.3m in the immediate preceding quarter Q3/FY22. The decrease was mainly attributable to the adverse GP revision for projects undertaken by Singapore Aircond segment as well as impairment of receivables amounting to RM2.2m in the current quarter under review by the Malaysia Aircond segment as well as plumbing segment.

Current quarter vs preceding year corresponding quarter

The revenue for the current quarter Q4/FY22 was RM19.9m vs RM17.0m in Q4/FY21, an increase of RM2.9m/17.1%. The higher revenue recorded was mainly attributable to better project progress undertaken by the Plumbing segment during the quarter under review.

Consequent to the above, the division recorded lower LBT of RM1.6m in Q4/FY22 vs LBT of RM3.6m in Q4/FY21.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

13. PERFORMANCE REVIEW BY SEGMENTS (CONTINUED)

13.4 Rail Division

QoQ

Revenue for Q4/FY22 was RM8.9m compared to RM4.8m in Q3/FY22, an increase of RM4.1m/85.4% attributable to better project progress and order fulfillments by the division during the current quarter under review.

Arising from the above, the PBT only increased marginally by RM0.1m/7.1% from RM1.4m in Q3/FY22 to RM1.5m in Q4/FY22 due to lower margin product mix.

Current quarter vs preceding year corresponding quarter

The revenue in Q4/FY22 was RM8.9m compared to RM10.9m in Q4/FY21, a decrease of RM2.0m/18.3%.

Consequent to the above, the division recorded a PBT of RM1.5m in Q4/FY22 vs RM1.8m in Q4/FY21, a marginal decrease of RM0.2m/-11.8% .

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

	Current quarter ended 30 June 2022	Preceding quarter ended 31 March 2022	Favorable/ (Adverse) Variance
	RM'000	RM'000	RM'000
Revenue	101,496	93,762	7,734
Profit before taxation and zakat	9,177	12,181	(3,004)

On a QoQ basis, revenue increased by RM7.7m/8.2% largely due to the better revenue recognition and project progress by the business divisions as explained above.

Despite higher revenue, the Group recorded a PBT of RM9.2m in the current quarter under review compared to a PBT of RM12.2m in the immediate preceding quarter, a decrease of RM3.0m/24.6%. The decrease was mainly attributable to the impairment of receivable of RM3.0m as well as impairment of goodwill of RM2.8m.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

15. COMMENTARY ON PROSPECTS

Taking into account the challenging conditions the Group was operating within, the Board is pleased with the outcome of the financial performance during the year under review. With improving supply chain conditions and material costs stabilising if not turning around, the Board is cautiously optimistic of the Group's performance in the new financial year ahead which is expected to be underpinned by its orderbook of RM753 million.

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 2022

15. COMMENTARY ON PROSPECTS (CONTINUED)

15.3 Engineering Division

Air conditioning segment

As projects undertaken by this segment 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.

17. INCOME TAX EXPENSE

	Current quarter ended 30 June 2022 RM'000	Year to date ended 30 June 2022 RM'000
Profit before taxation and zakat	9,177	43,426
Income tax expense for the year	(2,310)	(8,731)
Effective tax rate	25.2%	20.1%

Domestic income tax is calculated at Malaysian statutory income tax rate of 24% (2021: 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% (2021: 17%).

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

18. CORPORATE PROPOSALS

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

19. BORROWINGS

	As at 30 June 2022 RM'000	As at 30 June 2021 RM'000
Secured short-term borrowings:		
Term loan	938	4,046
Revolving credit	4,800	15,658
Trade loan	1,404	3,496
Bank Overdraft	1,980	2,445
Finance lease payables	-	754
Total short-term borrowings	<u>9,122</u>	<u>26,399</u>
Secured long-term borrowings:		
Term loan	<u>5,697</u>	<u>7,385</u>
Total long-term borrowings	<u>5,697</u>	<u>7,385</u>
Total borrowings	<u>14,819</u>	<u>33,784</u>

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

20. MATERIAL LITIGATION

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

21. DIVIDEND DECLARED

The Board of Directors is pleased to propose a final single-tier dividend of 1.5 sen per ordinary share in respect of the financial year ended 30 June 2022. The book closure and payment dates for this dividend will be announced in due course.

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

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 2022	Year to date ended 30 June 2022
Profit attributable to owners of the Company (RM'000)	2,107	21,762
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	316,795	316,612
Basic earnings per share (sen)	0.67	6.87

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 2022 RM'000
Total retained profits of the Company and its subsidiaries:	
- Realised	188,807
- Unrealised	2,563
	191,370
Less: Consolidation adjustments	(95,455)
Total group retained profit as per consolidated accounts	95,915

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

24. ITEMS INCLUDED IN CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit from operations is for the current quarter and period to-date ended 30 June 2022 is stated after charging / (crediting) the following items:

	Current quarter ended 30 June 2022 RM'000	Year to date ended 30 June 2022 RM'000
Impairment losses on trade receivables	2,989	3,300
Impairment losses on goodwill	2,789	2,789
Interest income	(72)	(1,381)
Other income	(910)	(2,686)
Reversal of impairment on receivables	(235)	(2,442)
Interest expense	(272)	989
Depreciation and amortization	1,319	4,273
Foreign exchange gain	(59)	(185)

25. AUTHORISATION FOR ISSUE

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