AWC FACILITY SOLUTIONS BERHAD
(Company no. 550098-A)
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2009

1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard ("FRS") 134 : Interim Financial Reporting and paragraph 9.22 of the 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 2008.

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 2008.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2008, save for the following addition:-

Accounting For Jointly Controlled Entities

A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venture has an interest. Investment in a jointly controlled entity is accounted for in the consolidated financial statements using proportionate consolidation method.

Under the proportionate consolidation method, the consolidated balance sheet includes the Group's share of the assets that it controls jointly as well as its share if the liabilities for which it is jointly responsible. In addition, the consolidated income statement shall include the Group's share of the income and expenses of the jointly controlled entity.

Unrealised gains on transactions between the Group and the jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity. Unrealised losses are eliminated unless cost cannot be recovered.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 30 June 2008 was not subject to any audit qualification.

3. EXTRAORDINARY AND EXCEPTIONAL ITEMS

There were no extraordinary items during the current quarter under review.

4. SEASONAL OR CYCLICAL FACTORS

The Group's business was not affected by any significant seasonal or cyclical factors during the current quarter under review.

5. CHANGE IN ESTIMATES

There were no changes in estimates of amounts reported in the prior financial year that have a material effect in the current quarter.

6. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There was no sale of unquoted investments and properties during the current quarter under review.

7. QUOTED SECURITIES

There was no purchase or disposal of quoted securities for the current quarter and financial year-to-date. At the end of the current quarter under review, the Group did not hold any investments in quoted securities.

8. CHANGES IN COMPOSITION OF THE GROUP

Based on the terms of the joint venture agreement, the Board of Directors is of the opinion that Multi Link Environmental Services LLC ('MLES'), an entity previously disclosed as an associate company of the Group shall be treated as a jointly controlled entity effective from 1 January 2009.

MLES became a 33% indirect jointly controlled entity of the Group via Stream FZE (formerly known as Stream FZC) as a consequent to the acquisition of 100% equity in Stream FZE by Nexaldes Sdn Bhd, a 51% subsidiary of AWC Facility Solutions Berhad on 25 November 2008.

Becoming active in the current quarter, MLES, a jointly controlled entity with two other parties was incorporated on 24 September 2008 in Abu Dhabi, United Arab Emirates to undertake the project to design, supply and install an automated waste collection system for the development of Al Reem Island off coast of Abu Dhabi.

The two other parties to the joint venture are Model Building Maintenance Establishment, a company registered in the Emirates of Abu Dhabi and Dallah Establishment, a company registered in the Kingdom of Saudi Arabia.

9. CORPORATE PROPOSALS

There were no corporate proposals announced during the quarter under review that require any disclosure in this report.

10. DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities during the current quarter under review.

11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	Current quarter ended 31.03.2009 RM'000	Year to date ended 30.06.2008 RM'000
Unsecured contingent liabilities:		
Bank guarantees extended to third parties	-	903

12. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There are no off balance sheet financial instruments as at the date of this report.

13. MATERIAL LITIGATION

There are no material litigations or claims against the Group as at the date of this report.

14. SEGMENTAL INFORMATION

Segmental analysis for the current financial period to date is as follows:

	Investment Holding RM'000	Integrated Facility Management RM'000	Mechanical &Electrical Engineering RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External revenue	-	30,008	34,648	-	64,656
Inter-segment revenue	8,513	32	384	(8,929)	-
Total revenue	8,513	30,040	35,032	(8,929)	64,656
Results					
Profit/(Loss) from operations	2,670	2,195	(403)	(4,807)	(345)
Finance costs	(69)	(222)	(536)	-	(827)
Loss before tax					(1,172)
Taxation					(1,251)
Net loss for the period					(2,423)

15. COMMENTARY ON MATERIAL VARIATION IN PROFIT BEFORE TAXATION AGAINST PRECEDING QUARTER

	Current Quarter Ended 31 March 2009 RM'000	Preceding Quarter Ended 31 December 2008 RM'000	Variance RM'000
Profit/(Loss) Before Taxation	2,910	(2,208)	5,118

The Group recorded a profit before taxation for the current quarter of RM2.91 million compared to loss before taxation of RM2.21 million in the immediate preceding quarter due to profit registered in the Mechanical & Electrical Engineering (M&E) Division as a result of a significant increase

(123%) in revenue compared to immediate preceding quarter. The Integrated Facility Management (IFM) Division continues to show a stable performance by maintaining its profit level similar to the immediate preceding quarter.

16. PERFORMANCE REVIEW

	Current Quarter Ended 31.03.2009 RM'000	Preceding Quarter Ended 31.12.2008 RM'000	Variance RM'000	Prior Year Corresponding Quarter Ended 31.03.2008 RM'000	Variance RM'000
Revenue	28,062	17,988	10,074	23,856	4,206
Profit/(Loss) before taxation	2,910	(2,208)	5,118	(598)	3,508
Profit/(Loss) attributable to equity holders of the parent	1,008	(1,112)	2,120	(228)	1,236

16.1 Revenue

The Group's revenue for the current quarter compared to the immediate preceding quarter and corresponding quarter last year, has increased by approximately RM10.07 million (56.0%) and RM4.21 million (17.6%), respectively. This increase in revenue was attributable to higher revenue from the M & E Division.

16.2 Profit/(Loss) Before Taxation

The Group recorded a profit before tax for the current quarter amounting to RM2.91 million compared to a loss position of RM0.59 million in the corresponding quarter last year. Higher volume of business from the M & E Division and income from the Abu Dhabi venture has contributed positively to the Group's current quarter results. In addition, the IFM Division's continuous drive on cost and energy efficiency has managed to mitigate the adverse effect of escalating cost of operation.

17. COMMENTARY ON PROSPECTS

The Group has seen positive results in the current quarter attributable to the recovery of the M & E Division. In addition, despite being in early stage of the project, Abu Dhabi venture has started to contribute positively to the overall Group's results. Consequently, the Group registered its first profitable quarter after four consecutive quarter losses. Despite these favorable signs, the Group shall maintain its cautious stance on business growth and credit risk in view of the current adverse economic conditions. Hence, the Board of Director is confident that the Group in on track for a mild but gradual recovery.

18. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable.

19. TAXATION

	Current quarter ended 31.03.2009 RM'000	Year to date ended 31.03.2009 RM'000
Tax expense for the period	1,031	1,251
Deferred taxation	-	-
	1,031	1,251

The Group's effective tax rate is higher than the statutory tax rate mainly due to certain expenses that were not deductible for tax purposes and the loss suffered by some subsidiaries of the Group which cannot offset by profits of the other subsidiaries.

20. CARRYING AMOUNT OF REVALUED ASSETS

Not applicable

21. BORROWINGS

	At 31.03.2009 RM'000	At 30.06.2008 RM'000
Secured Short-term Borrowings:		
Bank overdrafts	902	1,329
Revolving credit	1,680	950
Banker acceptance	636	-
Term loan (due within 12 months)	1,425	945
Hire purchase payables (due within 12 months)	366	357
Total Short-term Borrowings	5,009	3,581
Secured Long-term Borrowings:		
Term loan (due after 12 months)	4,341	5,781
Hire purchase payables (due after 12 months)	736	859
	5,077	6,640
Total Borrowings	10,086	10,221

All of the above borrowings are denominated in Ringgit Malaysia except for RM14,635 (2008: RM25,690) which are denominated in Singapore Dollars.

22. SIGNIFICANT AND SUBSEQUENT EVENT

Award of Contract in the Emirate of Abu Dhabi

As announced on 2 January 2009, Multi Link Environmental Services LLC (MLES) a jointly controlled entity in the Emirate of Abu Dhabi, has been awarded a contract by Tamouh amounting to AED171 million for designing, supplying and installing the automated vacuum waste collection system in the development of Al Reem Island, Abu Dhabi following the first contract amounting to AED52 million that was awarded by Tamouh to MLES.

Expected to be completed in November 2011, the project began to commence in the current quarter under review and is expected to contribute positively to the Group.

Change of Name to AWC Berhad

At the date this announcement, via an Extraordinary General Meeting held at Ballroom 2, LG Level, Eastin Hotel, No. 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor, a shareholders' approval has been obtained with regards to a special resolution on a proposed change of name of the Company from 'AWC Facility Solutions Bhd' to' AWC Berhad'.

Board of Directors is of the opinion that the change of name is both timely and necessary to better reflect the current activities and future business direction of the Company and the Group as a whole.

The change of name shall be effective from the date of issuance of the Certificate of Incorporation on Change of Name by the Companies Commission of Malaysia.

23. COMMITMENTS

There are no material commitments which require disclosure in this report except for the following:

	At 31.03.2009 RM'000	At 30.6.2008 RM'000
Non-cancellable operating lease commitments		
Future minimum rentals payable:		
Not later than 1 year	272	898
Later than 1 year and not later than 2 years	540	170
Later than 2 years and not later than 5 years	281	6
	1,093	1,074

24. 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 equity holders of the parent over the weighted average number of ordinary shares in issue during the period as follows:

	Current quarter ended 31.03.2009	Year to date ended 31.03.2009
Profit/(Loss) attributable to equity holders of the parent (RM'000)	1,008	(1,177)
Weighted average number of ordinary shares in issue ('000)	226,642	226,642
Basic earnings per share (sen)	0.44	(0.52)

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

25. DIVIDENDS

The Board has not recommended any interim dividends for the current financial quarter.

26. AUTHORISATION FOR ISSUE

This interim financial report has been approved by the Board of Directors of the Company for issuance on 26 May 2009.