

AWC BERHAD
(Formerly known as AWC Facility Solutions Berhad)
(Company no. 550098-A)
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 30 JUNE 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.

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.

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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

There has been no change to the composition of the Group during the current financial quarter.

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 30.06.2009 RM'000	Year to date ended 30.06.2008 RM'000
Unsecured contingent liabilities:		
Bank guarantees extended to third parties	503	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.

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14. SEGMENTAL INFORMATION

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

	Investment Holding	Facilities	Engineering, Technology & Environment	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External revenue	-	40,983	62,954	-	103,937
Inter-segment revenue	9,022	42	480	(9,544)	-
Total revenue	9,022	41,025	62,434	(9,544)	103,937
Results					
Profit from operations	2,081	3,499	7,973	(4,648)	8,905
Finance costs	(81)	(359)	(875)	-	(1,315)
Profit before tax					7,590
Taxation					(1,974)
Net profit for the financial year					5,616

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

	Current Quarter Ended 30 June 2009 RM'000	Preceding Quarter Ended 31 March 2009 RM'000	Variance RM'000
Profit Before Taxation	8,762	2,910	5,852

The Group recorded a profit before taxation of RM8.76 million for the current compared to profit before taxation of RM2.91 million in the immediate preceding quarter as a result of a significant increase in revenue in the Engineering, Technology and Environment divisions compared to immediate preceding quarter.

16. PERFORMANCE REVIEW

	Current Quarter Ended 30.06.2009 RM'000	Preceding Quarter Ended 31.03.2009 RM'000	Variance RM'000	Prior Year Corresponding Quarter Ended 30.06.2008 RM'000	Variance RM'000
Revenue	39,281	28,062	11,219	23,165	16,116
Profit/(Loss) before taxation	8,762	2,910	5,852	(10,355)	19,117
Profit/(Loss) attributable to equity holders of the parent	4,286	1,008	3,278	(11,156)	15,442

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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 RM11.22 million (40.0%) and RM16.12 million (69.6%), respectively. This increase in revenue was attributable to higher revenue from the Engineering, Technology & Environment divisions.

16.2 Profit/(Loss) Before Taxation

The Group recorded a profit before tax for the current quarter amounting to RM8.76 million compared to a loss position of RM10.36 million in the corresponding quarter last year. Higher loss in the corresponding quarter last year was attributable to the provision in relation to utilities claimable under dispute amounting to RM3.0 million, impairment loss on goodwill amounting to RM4.1 million and loss in relation to the disposal of 100% equity in Plant & Maintenance Engineering Sdn Bhd amounting to RM1.3 million.

17. COMMENTARY ON PROSPECTS

The current quarter has seen a significant increase in contribution from the non-facilities management divisions, in particular the Environment division. This is in-line with the strategy of the Group to diversify its non-concession income and focus on growth businesses. As anticipated, income from the Abu Dhabi venture continued to contribute positively to the overall Group's results in the current quarter under review. Despite these favorable signs, the Group maintains its cautious stance on business growth and credit risk in view of the current adverse economic conditions.

18. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable.

19. TAXATION

	Current quarter ended 30.06.2009 RM'000	Year to date ended 30.06.2009 RM'000
Tax expense for the period	717	1,968
Deferred taxation	6	6
	<u>723</u>	<u>1,974</u>

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.

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20. CARRYING AMOUNT OF REVALUED ASSETS

Not applicable

21. BORROWINGS

	At 30.06.2009 RM'000	At 30.06.2008 RM'000
Secured Short-term Borrowings:		
Bank overdrafts	1,745	1,329
Revolving credit	950	950
Banker acceptance	83	-
Term loan (due within 12 months)	1,735	945
Hire purchase payables (due within 12 months)	372	357
Total Short-term Borrowings	4,885	3,581
Secured Long-term Borrowings:		
Term loan (due after 12 months)	4,479	5,781
Hire purchase payables (due after 12 months)	721	859
Total Borrowings	10,085	10,221

All of the above borrowings are denominated in Ringgit Malaysia except for RM11,569 (2008: RM25,690) which are denominated in Singapore Dollars.

22. SIGNIFICANT AND SUBSEQUENT EVENT

Notification of Award of Contract from ALDAR Properties PJSC, Abu Dhabi, UAE

As announced on 6 August 2009, Nexaldes Sdn Bhd Abu Dhabi, a wholly-owned subsidiary of Nexaldes Sdn Bhd (a subsidiary of AWC), has accepted a Notification of Award from ALDAR Properties PJSC for the provision of the design, supply and installation of Automated Pneumatic Waste Collection System for the Eastern Precincts of Al Raha Beach Development including at the ALDAR Headquarters, the precincts of Al Bandar and Al Zeina and related infrastructure works ("the Project") for a total fixed price of AED 182,445,777.00.

The Project will commence immediately upon the issuance of the Notification of Award and is expected to be completed within 24 months from the date thereof.

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23. COMMITMENTS

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

	At 30.06.2009 RM'000	At 30.6.2008 RM'000
Non-cancellable operating lease commitments		
Future minimum rentals payable:		
Not later than 1 year	965	898
Later than 1 year and not later than 2 years	484	170
Later than 2 years and not later than 5 years	85	6
	1,534	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 number of ordinary shares in issue during the period, excluding treasury shares held by the Company as follows:

	Current quarter ended 30.06.2009	Year to date ended 30.06.2009
Profit attributable to equity holders of the parent (RM'000)	4,286	3,109
Number of ordinary shares in issue, excluding treasury shares ('000)	226,642	226,642
Basic earnings per share (sen)	1.89	1.37

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 27 August 2009.