

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

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2009**

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**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 2009.

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 2009.

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 2009.

**2. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors’ report on the financial statements for the financial year ended 30 June 2009 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 period-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**

There were no material contingent liabilities or contingent assets as at the date of this report.

**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 period to date is as follows:

	Investment Holding	Facilities	Engineering Technology & Environment	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
External revenue	-	12,406	23,661	-	36,067
Inter-segment revenue	510	-	89	(599)	-
Total revenue	510	12,416	23,739	(599)	36,067
<b>Results</b>					
Profit from operations	(304)	2,733	3,030	-	5,459
Finance costs, net	(4)	(53)	(55)	-	(112)
Profit before tax					5,347
Taxation					(1,251)
Net profit for the financial year					4,096

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

	Current Quarter Ended 30 September 2009 RM'000	Preceding Quarter Ended 30 June 2009 RM'000	Variance  RM'000
Profit Before Taxation	5,347	8,015	(2,668)

The Group recorded a profit before taxation of RM5.35 million for the current quarter compared to profit before taxation of RM8.02 million in the immediate preceding quarter as a result of a decrease in revenue in Engineering and Technology divisions compared to immediate preceding quarter.

**16. PERFORMANCE REVIEW**

	Current Quarter Ended 30.09.2009 RM'000	Preceding Quarter Ended 30.06.2009 RM'000	Variance  RM'000	Prior Year Corresponding Quarter Ended 30.09.2008 RM'000	Variance  RM'000
Revenue	36,067	32,625	(3,442)	18,606	17,461
Profit/(Loss) before taxation	5,347	8,015	(2,668)	(1,874)	7,221
Profit/(Loss) attributable to equity holders of the parent	3,042	4,368	(1,326)	(1,073)	4,115

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16.1 Revenue

The Group's revenue for the current quarter has doubled from RM18.61 million in the corresponding quarter last year to RM36.07 million in the current quarter due to contribution from the Facilities division and growth from the Environment division.

16.2 Profit Before Taxation

As a result to higher revenue in the current quarter, the Group recorded a higher profit before tax of RM5.35 million compared to a loss position of RM1.07 million in the corresponding quarter last year. The Facilities and Environment divisions were the main contributors to the pre-tax profit.

**17. COMMENTARY ON PROSPECTS**

Given the current and expected progress of projects in Abu Dhabi, the Environment division is expected to contribute to the Group's overall growth and profitability in the current financial year.

**18. PROFIT FORECAST OR PROFIT GUARANTEE**

Not applicable.

**19. TAXATION**

	<b>Current quarter ended 30.09.2009 RM'000</b>	<b>Year to date ended 30.09.2009 RM'000</b>
Tax expense for the period	1,251	1,251
Deferred taxation	-	-
	<u>1,251</u>	<u>1,251</u>

The Group's effective tax rate is lower than the statutory tax rate mainly due to effect of tax exempt profits from the joint controlled entity in Abu Dhabi, United Arab Emirates.

**20. CARRYING AMOUNT OF REVALUED ASSETS**

Not applicable

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**21. BORROWINGS**

	<b>At 30.09.2009 RM'000</b>	<b>At 30.06.2009 RM'000</b>
Secured Short-term Borrowings:		
Bank overdrafts	1,040	1,745
Revolving credit	800	950
Banker acceptance	573	83
Trade Loan	720	820
Term loan (due within 12 months)	700	1,059
Hire purchase payables (due within 12 months)	349	374
Total Short-term Borrowings	4,182	5,031
Secured Long-term Borrowings:		
Term loan (due after 12 months)	4,324	4,335
Hire purchase payables (due after 12 months)	649	722
Total Borrowings	9,156	10,088

All of the above borrowings are denominated in Ringgit Malaysia except for RM7,676 (2009: RM11,569) which are denominated in Singapore Dollars.

**22. SIGNIFICANT AND SUBSEQUENT EVENT**

There were no material events subsequent to 30 September 2009 to the date of this report that have not been reflected in the financial statements for the current financial period.

**23. COMMITMENTS**

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

	<b>At 30.09.2009 RM'000</b>	<b>At 30.6.2009 RM'000</b>
Non-cancellable operating lease commitments		
Future minimum rentals payable:		
Not later than 1 year	703	959
Later than 1 year and not later than 2 years	480	480
Later than 2 years and not later than 5 years	85	85
	1,268	1,524

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**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:

	<b>Current quarter ended 30.09.2009</b>	<b>Year to date ended 30.09.2009</b>
Profit attributable to equity holders of the parent (RM'000)	3,042	3,042
Number of ordinary shares in issue, excluding treasury shares ('000)	226,542	226,542
Basic earnings per share (sen)	1.34	1.34

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 November 2009.