

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 SECOND QUARTER ENDED 31 DECEMBER 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 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 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
Revenue					
External revenue	-	22,717	43,447	-	66,164
Inter-segment revenue	3,019	21	213	(3,253)	-
Total revenue	3,019	22,738	43,660	(3,253)	66,164
Results					
Profit from operations	1,239	2,937	11,527	(2,077)	13,626
Finance costs, net	(10)	(113)	(69)	-	(192)
Profit before tax					13,434
Taxation					(3,139)
Net profit for the financial period					10,295

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

	Current Quarter Ended 31 December 2009 RM'000	Preceding Quarter Ended 30 September 2009 RM'000	Variance RM'000
Profit Before Taxation	8,087	5,347	2,740

The Group's profit before taxation grew by 51% to RM8.1 million for the current quarter from RM5.3 million in the immediate preceding quarter attributable to projects by its Environment Division being undertaken in Abu Dhabi.

16. PERFORMANCE REVIEW

	Current Quarter Ended 31.12.2009 RM'000	Prior Year Corresponding Quarter Ended 31.12.2008 RM'000	Variance RM'000	Preceding Quarter Ended 30.09.2009 RM'000	Variance RM'000
Revenue	30,097	17,988	12,109	36,067	(5,970)
Profit/(Loss) before taxation	8,087	(2,208)	10,295	5,347	2,740
Profit/(Loss) attributable to equity holders of the parent	3,098	(1,112)	4,210	3,042	56

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16.1 Revenue

The Group's revenue for the current quarter increased to RM30.1 million from RM18.0 million recorded in the same corresponding quarter last year attributable mainly to the increased contribution from the Environment Division. However, the current quarter revenue is lower compared to the preceding quarter ended 30 September 2009 as it is tied to the progress of the projects in Abu Dhabi, after significant progress recorded in the previous quarter.

16.2 Profit Before Taxation

As a result of contracted project revenue and better margins in the current quarter, the Group recorded a higher profit before tax of RM8.1 million in the current quarter compared to a loss position of RM2.1 million in the corresponding quarter last year and profit before tax of RM5.3 million of the immediate preceding quarter.

17. COMMENTARY ON PROSPECTS

The Group continues to register significant growth in profitability in the current quarter attributable to the projects' progress in Abu Dhabi. The Group anticipates the contribution from its Abu Dhabi projects to grow in the coming quarters. In view of the above, the Board of Directors maintains a positive outlook on the performance of the Group for the remaining 6 month of the current financial year.

18. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable.

19. TAXATION

	Current quarter ended 31.12.2009 RM'000	Year to date ended 31.12.2009 RM'000
Tax expense for the period	1,888	3,139
Deferred taxation	-	-
	<u>1,888</u>	<u>3,139</u>

The Group's effective tax rate is lower than the statutory tax rate mainly due to the effect of tax exempt profits from the joint controlled entity and foreign-source income generated from its operations in Abu Dhabi, United Arab Emirates.

20. CARRYING AMOUNT OF REVALUED ASSETS

Not applicable.

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21. BORROWINGS

	At 31.12.2009 RM'000	At 30.06.2009 RM'000
Secured Short-term Borrowings:		
Bank overdrafts	1,249	1,745
Revolving credit	2,453	950
Banker acceptance	1,688	83
Trade Loan	1,000	820
Term loan (due within 12 months)	809	1,059
Hire purchase payables (due within 12 months)	347	374
Total Short-term Borrowings	7,546	5,031
Secured Long-term Borrowings:		
Term loan (due after 12 months)	3,876	4,336
Hire purchase payables (due after 12 months)	578	722
Total Borrowings	12,000	10,089

All of the above borrowings are denominated in Ringgit Malaysia except for RM3,784 (2009: RM11,569) which are denominated in Singapore Dollars.

22. SIGNIFICANT AND SUBSEQUENT EVENT

There were no material events subsequent to 31 December 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:

	At 31.12.2009 RM'000	At 30.6.2009 RM'000
Non-cancellable operating lease commitments		
Future minimum rentals payable:		
Not later than 1 year	461	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
	1,026	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:

	Current quarter ended 31.12.2009	Year to date ended 31.12.2009
Profit attributable to equity holders of the parent (RM'000)	3,098	6,139
Number of ordinary shares in issue, excluding treasury shares ('000)	226,542	226,542
Basic earnings per share (sen)	1.37	2.71

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 24 February 2009.