

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

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE THIRD QUARTER ENDED 31 MARCH 2010**

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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 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 except for the adoption of FRS 8, Operating Segments.

Under FRS 8, the disclosure on the operating segments is based on the internal reporting segments adopted by the entity or group for purpose of evaluation of performances and allocation of resources. This application of FRS 8 only impacts presentation and disclosure aspects and will not have any financial impact on the financial statements of the Group.

**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.

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**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 period-to-date. At the end of the current quarter under review, the Group did not hold any investment 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**

In the current quarter ended 31 March 2010, the basis of segmentation has been changed to reflect operating segments and based on information reported internally to the Group Chief Executive and the Board of Directors. In the prior financial year, the Group has three major business segments: Investment Holding, Facilities and Engineering, Technology & Environment. With the adoption of FRS 8, Operating Segments, the Engineering, Technology & Environment segment has been disaggregated into three separate reportable segments of Engineering, Technology and Environment respectively in the current quarter ended 31 March 2010. The segment information for the current financial period to date is as follows:

Period ended 31 March 2010	Facilities RM'000	Engineering RM'000	Technology RM'000	Environment RM'000	Total RM'000
External revenue	32,720	17,982	10,029	56,973	117,705
Inter-segment revenue	-	90	-	257	347
Segment profit	3,741	1,443	923	16,338	22,445
Segment assets	46,428	23,205	19,323	58,107	147,063

**Reconciliation of profit**

**Profit for the period ended 31 March 2010**

	<b>RM'000</b>
Total profit for reportable segments	22,445
Other corporate expenses	(909)
Elimination of inter-segment profits	(2,000)
Group's profit before taxation	<u>19,536</u>

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

	Current Quarter Ended 31 March 2010 RM'000	Preceding Quarter Ended 31 December 2009 RM'000	Variance  RM'000
Profit Before Taxation	6,103	8,087	(1,984)

The Group registered a lower profit before taxation of RM6.1 million for the current quarter compared to RM8.1 million in the immediate preceding quarter. This is directly attributable to the type of work carried out on major projects by the Environment Division.

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**16. PERFORMANCE REVIEW**

	Current Quarter Ended 31.03.2010 RM'000	Prior Year Corresponding Quarter Ended 31.03.2009 RM'000	Variance  RM'000	Preceding Quarter Ended 31.12.2009 RM'000	Variance
					RM'000
Revenue	51,541	28,062	23,479	30,097	21,444
Profit before taxation	6,103	2,910	3,193	8,087	(1,984)
Profit attributable to equity holders of the parent	2,390	1,008	1,382	3,098	(708)

16.1 Revenue

The Group's revenue for the current quarter compared to the corresponding quarter last year and immediate preceding quarter increased by approximately RM23.5 million and RM21.4 million respectively. This increase is mainly attributable to the progress recorded in the projects undertaken by its Environment Division.

16.2 Profit Before Taxation

As a result of contracted projects in Abu Dhabi, UAE and higher revenue recognised in the current quarter, the Group recorded a higher profit before taxation of RM6.1 million in the current quarter compared to a profit before taxation of RM2.9 million in the corresponding quarter last year.

**17. COMMENTARY ON PROSPECTS**

The Group remains cautiously optimistic in its prospects given the contracted overseas projects which are the main revenue driver for growth and profits in the current financial year.

**18. PROFIT FORECAST OR PROFIT GUARANTEE**

Not applicable.

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**19. TAXATION**

	<b>Current quarter ended 31.03.2010 RM'000</b>	<b>Year to date ended 31.03.2010 RM'000</b>
Income tax expense for the period	781	3,920
Deferred taxation	-	-
	781	3,920

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.

**21. BORROWINGS**

	<b>At 31.03.2010 RM'000</b>	<b>At 30.06.2009 RM'000</b>
Secured Short-term Borrowings:		
Bank overdrafts	822	1,745
Revolving credit	2,450	950
Banker acceptance	365	83
Trade Loan	1,000	820
Term loan (due within 12 months)	894	1,059
Hire purchase payables (due within 12 months)	314	374
Total Short-term Borrowings	5,845	5,031
Secured Long-term Borrowings:		
Term loan (due after 12 months)	3,839	4,336
Hire purchase payables (due after 12 months)	590	722
Total Borrowings	10,274	10,089

All of the above borrowings are denominated in Ringgit Malaysia except for RM11,569 in FYE 2009 which are denominated in Singapore Dollars.

**22. SIGNIFICANT AND SUBSEQUENT EVENT**

There were no material events subsequent to 31 March 2010 to the date of this report that have not been reflected in the financial statements for the current financial period.

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**23. COMMITMENTS**

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

	<b>At 31.03.2010 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	232	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
	797	1,524

**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 31.03.2010</b>	<b>Year to date ended 31.03.2010</b>
Profit attributable to equity holders of the parent (RM'000)	2,390	8,528
Number of ordinary shares in issue, excluding treasury shares ('000)	226,442	226,442
Basic earnings per share (sen)	1.06	3.77

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 2010.