

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 30 JUNE 2010

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 year-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

The segment information for the current financial year to date is as follows:

Year ended 30 June 2010	Facilities RM'000	Engineering RM'000	Technology RM'000	Environment RM'000	Total RM'000
External revenue	44,359	25,089	13,824	101,612	184,884
Inter-segment revenue	-	90	-	366	456
Segment profit	4,272	1,498	1,287	23,173	30,230
Segment assets	43,001	24,268	18,202	90,127	175,598

Reconciliation of profit

Profit for the year ended 30 June 2010

	RM'000
Total profit for reportable segments	30,230
Other corporate expenses	(890)
Elimination of inter-segment profits	(2,667)
Group's profit before taxation	<u>26,673</u>

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

	Current Quarter Ended 30 June 2010 RM'000	Preceding Quarter Ended 31 March 2010 RM'000	Variance RM'000
Profit Before Taxation	7,137	6,103	1,034

The Group registered a higher profit before taxation of RM7.1 million for the current quarter as compared to RM6.1 million in the immediate preceding quarter principally due to improved profit contribution from the Environment Division.

16. PERFORMANCE REVIEW

	Current Quarter Ended 30.06.2010 RM'000	Prior Year Corresponding Quarter Ended 30.06.2009 RM'000	Variance RM'000	Preceding Quarter Ended 31.03.2010 RM'000	Variance RM'000
Revenue	66,724	39,281	27,443	51,541	15,183
Profit before taxation	7,137	8,762	(1,625)	6,103	1,034
Profit attributable to equity holders of the parent	3,168	4,286	(1,118)	2,390	778

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16.1 Revenue

The Group's revenue for the current quarter increased by approximately RM27.4 million as compared to the corresponding quarter last year following revenue contribution from progress of projects secured by its Environment Division.

Meanwhile, the increase of approximately RM15.2 million in the Group's revenue for the current quarter as compared to the immediate preceding quarter is mainly attributed to the higher revenue registered by its Environment Division.

16.2 Profit Before Taxation

The Group registered a lower profit before taxation of RM7.1 million in the current quarter as compared to a profit before taxation of RM8.8 million in the corresponding quarter last year principally due to decline in profit contribution from its Technology Division following drop in number of projects secured.

17. COMMENTARY ON PROSPECTS

The Group remains cautiously optimistic in its prospects for the next financial year as contracted overseas projects shall continue to be the primary catalyst and key source of revenue and profit.

18. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable.

19. TAXATION

	Current quarter ended 30.06.2010 RM'000	Year to date ended 30.06.2010 RM'000
Income tax expense for the period	731	4,651
Deferred taxation	-	-
	<u>731</u>	<u>4,651</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 30.06.2010 RM'000	At 30.06.2009 RM'000
Secured Short-term Borrowings:		
Bank overdrafts	699	1,745
Revolving credit	-	950
Banker acceptance	-	83
Trade Loan	-	820
Term loan (due within 12 months)	1,237	1,059
Hire purchase payables (due within 12 months)	632	374
Total Short-term Borrowings	2,569	5,031
Secured Long-term Borrowings:		
Term loan (due after 12 months)	3,595	4,336
Hire purchase payables (due after 12 months)	1,341	722
	4,936	5,058
Total Borrowings	7,505	10,089

All of the above borrowings are denominated in Ringgit Malaysia except for RM237,479 (2009: RM11,569) which are denominated in Singapore Dollars.

22. SIGNIFICANT AND SUBSEQUENT EVENT

There were no material events subsequent to 30 June 2010 to the date of this report that have not been reflected in the financial statements for the current financial year.

23. COMMITMENTS

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

	At 30.06.2010 RM'000	At 30.6.2009 RM'000
Non-cancellable operating lease commitments		
Future minimum rentals payable:		
Not later than 1 year	1,256	959
Later than 1 year and not later than 2 years	581	480
Later than 2 years and not later than 5 years	224	85
	2,061	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 year, excluding treasury shares held by the Company as follows:

	Current quarter ended 30.06.2010	Year to date ended 30.06.2010
Profit attributable to equity holders of the parent (RM'000)	3,168	11,696
Number of ordinary shares in issue, excluding treasury shares ('000)	226,442	226,442
Basic earnings per share (sen)	1.40	5.17

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

A final dividend of 2% (less income tax of 25%) in respect of the financial year ended 30 June 2010, will be proposed for shareholders' approval at the forthcoming Annual General Meeting to be convened at a date to be determined by the Board of Directors.

26. AUTHORISATION FOR ISSUE

This interim financial report has been approved by the Board of Directors of the Company for issuance on 25 August 2010.