

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/12/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2010 RM'000	CURRENT YEAR TO DATE 31/12/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2010 RM'000
Revenue	14	28,692	32,740	54,610	68,677
Cost of sales		(19,945)	(23,129)	(35,687)	(48,856)
Gross profit		8,747	9,612	18,923	19,821
Other operating income		58	61	184	1,458
Other operating expenses		(6,874)	(7,950)	(15,348)	(15,176)
Profit from operations		1,931	1,723	3,759	6,103
Finance costs, net		(89)	66	(180)	(41)
Profit before taxation	14	1,842	1,789	3,579	6,062
Income tax expense	18	(189)	(277)	(332)	(695)
Profit for the financial period		1,653	1,512	3,247	5,367
Other comprehensive income:					
Foreign currency translation differences		96	(1,237)	440	(1,517)
Total comprehensive income for the financial period		1,749	275	3,687	3,850
Profit attributable to:					
Equity holders of the parent		1,055	1,042	1,780	3,397
Non-controlling interest		598	470	1,467	1,970
		1,653	1,512	3,247	5,367
Total comprehensive income attributable to:					
Equity holders of the parent		1,104	411	2,004	2,622
Non-controlling interest		645	(136)	1,683	1,228
		1,749	275	3,687	3,850
Basic earnings per share (sen)	23	0.47	0.46	0.79	1.50

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2011.

The accompanying notes are an integral part of this statement.

AWC BERHAD
(Company No. 550098-A)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011

	(Unaudited)	(Audited)
	AS AT	AS AT
Note	31/12/2011	30/6/2011
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	10,757	10,003
Investment properties	2,902	3,329
Other investments	670	36
Intangible assets - others	5,162	5,293
Intangible assets - goodwill	9,459	9,459
Deferred tax assets	139	139
	29,089	28,259
CURRENT ASSETS		
Amount owing by jointly controlled entity	4,584	4,685
Inventories	11,558	10,752
Tax recoverable	1,372	4,578
Other receivables	3,987	4,454
Trade receivables	32,562	50,849
Cash and bank balances	61,974	64,025
	116,037	139,343
TOTAL ASSETS	145,126	167,602
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	68,604	68,604
Treasury shares	(843)	(830)
Reserves	5,743	3,738
	73,504	71,512
Non-controlling interest	25,039	24,291
Total Equity	98,543	95,803
NON-CURRENT LIABILITIES		
Provision for end of service benefit	-	256
Long term borrowings	20 4,690	4,302
Deferred taxation	1,006	1,084
	5,696	5,642
CURRENT LIABILITIES		
Other payables	24,760	16,841
Trade payables	12,002	41,169
Provision for taxation	950	4,961
Short term borrowings	20 3,175	3,186
	40,887	66,157
TOTAL LIABILITIES	46,583	71,799
TOTAL EQUITY AND LIABILITIES	145,126	167,602
NET ASSETS PER SHARE (RM)	0.33	0.32

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2011.

The accompanying notes are an integral part of this statement.

AWC BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUATER ENDED 31 DECEMBER 2011

	CURRENT PERIOD TO DATE	PREVIOUS PERIOD TO DATE
	31/12/2011 RM'000	31/12/2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,579	5,266
Adjustments for:		
Non-cash items	1,563	718
Non-operating items	179	41
Operating profit before working capital changes	5,321	6,025
Net change in current assets	18,045	3,671
Net change in current liabilities	(21,484)	(9,311)
Cash generated from operations	1,883	385
Interest paid	(358)	(349)
Deferred expenditure paid	(570)	(722)
Tax paid	(1,935)	(3,421)
Net cash used in operating activities	(980)	(4,107)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in amount due from associated company	56	-
Net change in amount owing by/to jointly controlled entity	101	1,742
Purchase of plant and equipment	(1,473)	(1,346)
Proceeds from disposals of plant and equipment	162	153
Proceeds from disposals of investment property	720	-
Purchase of other investment	(634)	-
Interest received	179	308
Net cash (used in)/generated from investing activities	(889)	857
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown/(Repayment) of term loans	183	(326)
(Repayment)/Drawdown of hire purchase and lease payables	(461)	22
Drawdown of bills payable	-	400
Acquisition of treasury shares	(13)	(26)
Net cash (used in)/generated from financing activities	(291)	70
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,160)	(3,179)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	63,067	56,351
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	60,907	53,172
Cash and cash equivalents comprise:		
Cash and bank balances	27,708	15,534
Deposits with licensed bank	34,266	38,361
	61,974	53,895
Less: Bank overdrafts	(1,067)	(722)
	60,907	53,172

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2011.

The accompanying notes are an integral part of this statement.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011**

	←----- Attributable to Equity Holders of the Parent ----->						Non-Controlling Interest	Total Equity	
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Exchange Reserves RM'000	Statutory Reserve RM'000	Accumulated Losses RM'000			Total RM'000
31 December 2011									
At 1 July 2011	68,604	7,649	(830)	(130)	307	(4,088)	71,512	24,291	95,803
Total comprehensive income for the financial period	-	-	-	225	-	1,780	2,005	1,683	3,688
Purchase of treasury shares	-	-	(13)	-	-	-	(13)	-	(13)
Acquisition of subsidiaries	-	-	-	-	-	-	-	45	45
Dividend	-	-	-	-	-	-	-	(980)	(980)
At 31 December 2011	68,604	7,649	(843)	95	307	(2,308)	73,504	25,039	98,543
31 December 2010									
At 1 July 2010	114,340	7,649	(551)	(244)	277	(51,522)	69,949	24,668	94,617
Effects of applying FRS 139	-	-	-	-	-	(832)	(832)	(639)	(1,471)
Restated balance	114,340	7,649	(551)	(244)	277	(52,354)	69,117	24,029	93,146
Total comprehensive income for the financial period	-	-	-	(774)	-	3,397	2,623	1,228	3,851
Dividend	-	-	-	-	-	(1,698)	(1,698)	-	(1,698)
Purchase of treasury shares	-	-	(25)	-	-	-	(25)	-	(25)
At 31 December 2010	114,340	7,649	(576)	(1,018)	277	(50,655)	70,017	25,257	95,274

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2011.

The accompanying notes are an integral part of this statement.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

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 2011.

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 2011.

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 2011 except for the adoption of the following IC Interpretations, Amendments to FRSs/IC Interpretations and Annual Improvements to FRSs that have been issued and effective for the Group:

FRSs, Amendments to FRSs and IC Interpretations		Effective Date
Amendments to FRS 1 (Revised)	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1 (Revised)	Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 4	Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 18	Transfer of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvements to FRSs (2010)		1 January 2011

The above accounting standards and interpretations (including the consequential amendments) are expected to have no material impact on the financial statements of the Group upon its initial application.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 30 June 2011 was not subject to any audit qualification.

3. SEASONAL OR CYCLICAL FACTORS

The Group's business was not affected by any significant seasonal or cyclical factors during the current quarter under review.

4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There was no unusual item affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

5. CHANGE IN ESTIMATES

There was no change in estimates of amounts reported in the prior financial year that have a material effect in the current quarter.

6. DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchases, resale and repayment of debt and equity securities during the current quarter under review

The number of treasury shares held as at 31 December 2011 is as follows:-

	No. of shares	Amount RM
Balance of treasury shares as at 30 September 2011	3,236,800	829,618
add: Purchase of treasury shares during the current quarter under review	50,000	13,094
	3,286,800	842,712
less: Sale of treasury shares	-	-
Balance of treasury shares as at 31 December 2011	3,286,800	842,712

7. DIVIDENDS PAID

There was no dividend paid in the current quarter.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011

8. SEGMENTAL INFORMATION

The segment information for the current period to-date ended 31 December 2011 is as follows:

	Investment Holding	Facilities Division	Engineering Division	Technology Division	Environment Division	Adjustment and Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	2,945	24,616	10,398	2,252	18,384	(3,985)	54,610
Inter-segment revenue	-	609	317	-	114	-	1,040
Segment (loss)/profit	660	2,212	925	(839)	4,029	-	6,987
Segment assets	100,389	39,604	24,475	14,944	64,786	(99,073)	145,125

Reconciliation of profit for the current period to-date ended 31 December 2011 is as follow:

	RM'000
Total profit for reportable segments	6,987
Inter-segment profit	(2,207)
Effects of FRS 139	(38)
Corporate expenses	(1,163)
Group's profit before taxation	3,579

9. CARRYING AMOUNT OF REVALUED ASSETS

Not applicable.

10. SIGNIFICANT AND SUBSEQUENT EVENT

There were no material events subsequent to 31 December 2011 to the date of this report that have not been reflected in the financial statements for the current financial period.

11. CHANGES IN COMPOSITION OF THE GROUP

On 10 October 2011 the Company and AWFM acquired 105,000 ordinary shares of RM1.00 each in Resource Data Management Asia Sdn Bhd ("RDM Asia"), representing 70% equity interests of RDM Asia for a total consideration of RM105,000. The Company and AWFM holds 69% and 1% equity interest in RDM Asia respectively.

As announced on 8 December 2011, the Company had acquired 4,900 ordinary shares of RM1.00 each in AWC Renewable Energy Sdn Bhd ("AWCRE") from Solamas Sdn Bhd representing 49% equity interest in AWCRE for a total consideration of RM4,900.00. Following the acquisition, AWCRE has become a wholly-owned subsidiary of the Company.

The Company had on 19 January 2012 incorporated Teroka Energy Sdn. Bhd as a wholly-owned subsidiary of the Company.

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011**

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

13. COMMITMENTS

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

	As at 31 December 2011 RM'000	As at 30 June 2011 RM'000
Non-cancellable operating lease commitments		
Future minimum rentals payable:		
Not later than 1 year	227	471
Later than 1 year and not later than 2 years	94	94
Later than 2 years and not later than 5 years	76	76
	<u>397</u>	<u>641</u>

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14. PERFORMANCE REVIEW BY SEGMENTS

Revenue	Current quarter ended 31 December 2011 RM'000	Current period to-date ended 31 December 2011 RM'000	Preceding year corresponding period ended 31 December 2010 RM'000	Variance for Period-to- date [Favorable / (adverse)] RM'000
Facilities	11,960	24,616	20,824	3,792
Environment	10,823	18,383	31,357	(12,974)
Engineering	5,453	10,398	13,418	(3,020)
Technology	977	2,252	3,958	(1,706)
Segment profit/(loss)	Current quarter ended 31 December 2011 RM'000	Current period to-date ended 31 December 2011 RM'000	Preceding year corresponding period ended 31 December 2010 RM'000	Variance for period-to- date [Favorable / (adverse)] RM'000
Facilities	1,189	2,212	2,861	(649)
Environment	1,786	4,029	4,955	(926)
Engineering	1,070	925	1,160	(235)
Technology	(466)	(838)	(582)	(256)

14.1 Facilities Division

Segment pre-tax profit this Division in the current period to-date is RM0.6 million lower as compared to RM 2.8 million recorded in the corresponding period last year principally due to the writeback of allowance for impairment losses in the corresponding period last year.

14.2 Environment Division

Segment profit of the Environment Division eased to RM4.0 million in the current period to-date as compared to a segment pre-tax profit of RM4.9 million in the corresponding period last year following lower project-based income from its operating units in the Middle East.

14.3 Engineering Division

The performance of the Engineering Division softened by RM0.2 million against the corresponding period last year on the back of lower revenue arising from challenging market conditions in Malaysia and Singapore.

14.4 Technology Division

The Technology Division recorded a higher segment loss of RM0.8 million in the current period to-date as compared to a segment loss of RM0.6 million in the corresponding period last year following the softer project-based revenue.

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011**

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

	Current quarter ended 31 December 2011 RM'000	Preceding quarter ended 30 September 2011 RM'000	Variance RM'000
Profit before taxation	1,842	1,738	104

The Group registered a improved profit before taxation of RM1.8 million for the current quarter as compared to RM1.7 million recorded in the immediate preceding quarter following the higher recognition of project revenue registered by the Environment Division.

16. COMMENTARY ON PROSPECTS

16.1 Facilities Division

Income from Federal Government integrated facilities management services concession under its Facilities Division shall continue to sustain a stable and consistent stream of turnover to the Group throughout the remaining period of the concession.

16.2 Environment Division

Revenue and profit for the Environment Division is closely pegged to project income from contracted offshore projects which is highly correlated to the economic prospects and development of the region in which it operates principally in the Middle East and Singapore. Construction risks such as delay in progress and completion of projects will also result in lower revenue recognition leading to an adverse impact on the Environment's financial performance.

The Division is also exposed to foreign currency risks of its operating regions such as United Emirates Dirham (which is closely pegged to United States Dollar) and Singapore Dollar.

Considering the inclement economic climate in the Middle East, the Division shall focus on building its order books in other developing and upcoming economies both abroad and closer to home.

16.3 Engineering Division

The performance of this Division is expected to remain closely pegged to the cyclical construction sector in both Malaysia and Singapore which is highly correlated to the economic outlook and consumers' sentiment.

16.4 Technology

The absence of secured high value project is expected to adversely affect the performance of this Division. Efforts are in place presently to right size the operations of this Division to mitigate the impact.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011

17. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable.

18. INCOME TAX EXPENSE

	Current quarter ended 31 December 2011 RM'000	Period to date ended 31 December 2011 RM'000
Income tax expense for the period	189	332

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, foreign-source income generated from its operations in Abu Dhabi, United Arab Emirates and pioneer status tax incentive enjoyed by certain subsidiary of the Group.

19. CORPORATE PROPOSALS

The Company had on 1 December 2011 announced a proposed modification to the existing Bylaws of its employees' share option scheme ("Proposed Modification"). The draft circular to shareholders in relation to the Proposed Modification had been submitted to Bursa Malaysia Securities Berhad on 31 January 2012.

Save and except as disclosed, there was no corporate proposal announced but not completed as at the latest practicable date.

20. BORROWINGS

	As at 31 December 2011 RM'000	As at 30 June 2011 RM'000
Secured short-term borrowings:		
Bank overdrafts	1,067	959
Revolving credit	950	950
Term loan	601	643
Hire purchase payables	557	634
Total short-term borrowings	3,175	3,186
Secured long-term borrowings:		
Term loan	3,238	3,014
Hire purchase payables	1,452	1,288
Total borrowings	7,865	7,488

All of the above borrowings are denominated in Ringgit Malaysia except for RM300,498 (2011: RM248,734) which are denominated in Singapore Dollars.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011

21. MATERIAL LITIGATION

There is no material litigation which may materially affect the Group for the current quarter under review.

22. PROPOSED DIVIDEND

(a) The Board had on 29 November 2011 declared a first interim single-tier dividend of 1.5 sen per share for the financial year ending 30 June 2012 which was paid on 16 January 2012 (2011: first interim franked and tax exempt dividend of 1 sen per share and second interim single-tier dividend of 1 sen per share).

Details of the first interim single-tier dividend declared by the Board are as follow:-

Interim dividend for financial year ending	:	30 June 2012
Amount per share (single-tier)	:	1.5 sen
Entitlement to dividend based on Record of Depositors as at	:	19 December 2011
Date paid	:	16 January 2012

(b) The total dividend for the current financial year to-date ending 30 June 2012 is interim dividend of 1.5 sen per share (2011: interim dividends of 2 sen per share)

23. 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 weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company as follows:

	Current quarter ended 31 December 2011	Period to date ended 31 December 2011
Profit attributable to equity holders of the parent (RM'000)	1,055	1,780
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	225,413	225,413
Basic earnings per share (sen)	0.47	0.79

There are no shares or other financial instruments in issue which have a dilutive effect on the earnings per share of the Group.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2011

24. REALISED AND UNREALISED PROFITS/LOSSES

	<u>As at 31 December 2011 RM'000</u>
Total retained profits / (accumulated losses) of the Company and its subsidiaries:	
- Realised	(4,401)
- Unrealised	(936)
	<u>(5,337)</u>
Total share of retained profit / (accumulated losses) from associated company:	
- Realised	-
- Unrealised	-
Total share of retained profit / (accumulated losses) from jointly controlled entity:	
- Realised	2,940
- Unrealised	-
	<u>(2,397)</u>
Less: Consolidation adjustments	89
Total group retained profit / (accumulated losses) as per consolidated accounts	<u>(2,308)</u>

25. ITEMS INCLUDED IN CONDENSED CONSOLIDATE STATEMENT OF COMPREHENSIVE INCOME

Profit from operations is for the current quarter and period to-date ended 31 December 2011 is stated after charging / (crediting) the following items:

	<u>Current quarter ended 31 December 2011 RM'000</u>	<u>Period to date ended 31 December 2011 RM'000</u>
Interest income	(106)	(179)
Other income	(58)	(184)
Interest expense	195	358
Depreciation and amortisation	964	1,853
Provision for and write off of receivables	15	28
Provision for and write off of inventories	21	42
(Gain)/loss on disposal of quoted or unquoted investments or properties	-	(332)
Impairment of assets	-	-
Foreign exchange gain or loss	(8)	18
Gain or loss on derivatives	-	-
Exceptional items	-	-

26. AUTHORISATION FOR ISSUE

This interim financial report has been approved by the Board of Directors of the Company for issuance on 27 February 2012.