

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 MARCH 2012

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/03/2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2011 RM'000	CURRENT YEAR TO DATE 31/03/2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2011 RM'000
Revenue	14	26,084	34,899	80,694	103,577
Cost of sales		(16,465)	(22,606)	(52,150)	(71,462)
Gross profit		9,619	12,294	28,544	32,115
Other operating income		227	(249)	411	1,209
Other operating expenses		(8,391)	(8,382)	(23,739)	(23,558)
Profit from operations		1,455	3,662	5,216	9,766
Finance costs, net		(51)	(322)	(231)	(364)
Profit before taxation	14	1,404	3,340	4,985	9,402
Income tax expense	18	(244)	(303)	(577)	(998)
Profit for the financial period		1,160	3,037	4,408	8,404
Other comprehensive income:					
Foreign currency translation differences		(215)	(1,515)	225	(1,794)
Total comprehensive income for the financial period		945	1,522	4,633	6,610
Profit attributable to:					
Equity holders of the parent		454	1,382	2,234	4,778
Non-controlling interest		706	1,655	2,174	3,626
		1,160	3,037	4,408	8,404
Total comprehensive income attributable to:					
Equity holders of the parent		336	609	2,340	3,864
Non-controlling interest		610	913	2,293	2,746
		945	1,522	4,633	6,610
Basic earnings per share (sen)	23	0.20	0.61	0.99	2.11

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)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE THIRD QUARTER ENDED 31 MARCH 2012**

	Note	(Unaudited)	(Audited)
		AS AT 31/03/2012 RM'000	AS AT 30/6/2011 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment		11,130	10,003
Investment properties		2,884	3,329
Other investments		36	36
Intangible assets - others		5,069	5,293
Intangible assets - goodwill		9,459	9,459
Deferred tax assets		139	139
		<u>28,717</u>	<u>28,259</u>
CURRENT ASSETS			
Amount owing by jointly controlled entity		4,582	4,685
Inventories		13,294	10,752
Tax recoverable		1,753	4,578
Other receivables		4,838	4,454
Trade receivables		34,021	50,849
Cash and bank balances		54,797	64,025
		<u>113,285</u>	<u>139,343</u>
TOTAL ASSETS		<u>142,002</u>	<u>167,602</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		68,604	68,604
Treasury shares		(843)	(830)
Reserves		2,697	3,738
		<u>70,458</u>	<u>71,512</u>
Non-controlling interest		25,649	24,291
Total Equity		<u>96,107</u>	<u>95,803</u>
NON-CURRENT LIABILITIES			
Provision for end of service benefit		178	256
Long term borrowings	20	4,811	4,302
Deferred taxation		1,006	1,084
		<u>5,995</u>	<u>5,642</u>
CURRENT LIABILITIES			
Other payables		23,822	16,841
Trade payables		11,783	41,169
Provision for taxation		1,057	4,961
Short term borrowings	20	3,238	3,186
		<u>39,900</u>	<u>66,157</u>
TOTAL LIABILITIES		<u>45,895</u>	<u>71,799</u>
TOTAL EQUITY AND LIABILITIES		<u>142,002</u>	<u>167,602</u>
NET ASSETS PER SHARE (RM)		<u>0.31</u>	<u>0.32</u>

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
(Company No. 530098-A)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 MARCH 2012

	←----- Attributable to Equity Holders of the Parent ----->						Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	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			
31 March 2012									
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	-	-	-	107	-	2,233	2,340	2,293	4,633
Purchase of treasury shares	-	-	(13)	-	-	-	(13)	-	(13)
Acquisition of subsidiaries	-	-	-	-	-	-	-	45	45
Dividend	-	-	-	-	-	(3,381)	(3,381)	(980)	(4,361)
At 31 March 2012	68,604	7,649	(843)	(23)	307	(5,236)	70,458	25,649	96,107
31 March 2011									
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
Capital reduction	(45,736)	-	-	-	-	45,736	-	-	-
Total comprehensive income for the financial period	-	-	-	(915)	-	4,778	3,863	2,746	6,609
Dividend	-	-	-	-	-	(2,616)	(2,616)	-	(2,616)
Purchase of treasury shares	-	-	(25)	-	-	-	(25)	-	(25)
At 31 March 2011	68,604	7,649	(576)	(1,159)	277	(4,456)	70,339	26,775	97,114

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.

AWC BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUATER ENDED 31 MARCH 2012

	CURRENT PERIOD TO DATE	PREVIOUS PERIOD TO DATE
	31/03/2012 RM'000	31/03/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,985	6,376
Adjustments for:		
Non-cash items	2,612	1,788
Non-operating items	231	1,755
Operating profit before working capital changes	7,828	9,920
Net change in current assets	14,464	20,793
Net change in current liabilities	(22,461)	(11,496)
Cash (used in)/generated from operations	(169)	19,217
Interest paid	(555)	(1,060)
Deferred expenditure paid	(820)	(1,072)
Tax paid	(5,931)	(5,982)
Net cash (used in)/generated from operating activities	(7,475)	11,103
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in amount due from associated company	(647)	-
Net change in amount owing by/to jointly controlled entity	103	1,666
Purchase of plant and equipment	(2,360)	(1,814)
Proceeds from disposals of plant and equipment	104	158
Proceeds from disposals of investment property	720	-
Interest received	325	(696)
Net cash used in investing activities	(1,754)	(685)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown/(Repayment) of term loans	225	(490)
(Repayment)/Drawdown of hire purchase and lease payables	(220)	123
Drawdown of bills payable	-	400
Acquisition of treasury shares	(13)	(26)
Net cash (used in)/generated from financing activities	(8)	8
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(9,237)	10,426
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	63,067	56,351
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	53,830	66,777
Cash and cash equivalents comprise:		
Cash and bank balances	18,882	26,583
Deposits with licensed bank	35,915	41,237
	54,797	67,820
Less: Bank overdrafts	(967)	(1,043)
	53,830	66,777

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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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2012

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 THIRD QUARTER ENDED 31 MARCH 2012

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 March 2012 is as follows:-

	No. of shares	Amount RM
Balance of treasury shares as at 31 December 2011	3,286,800	842,712
add: Purchase of treasury shares during the period under review	-	-
	3,286,800	842,712
less: Sale of treasury shares	-	-
Balance of treasury shares as at 31 March 2012	3,286,800	842,712

7. DIVIDENDS PAID

A first interim single-tier dividend of 1.5 sen per share for the financial year ending 30 June 2012 amounting to RM3,380,886 was paid on 16 January 2012.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2012

8. SEGMENTAL INFORMATION

The segment information for the current period to-date ended 31 March 2012 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	8,437	37,091	15,158	3,302	26,714	(10,008)	80,694
Inter-segment revenue	-	609	613	-	234	-	1,456
Segment (loss)/profit	5,015	3,001	1,149	(1,197)	6,045	-	14,013
Segment assets	99,635	38,907	23,649	14,174	64,990	(99,353)	142,002

Reconciliation of profit for the current period to-date ended 31 March 2012 is as follow:

	RM'000
Total profit for reportable segments	14,013
Inter-segment profit	(7,306)
Effects of FRS 139	(38)
Corporate expenses	(1,684)
Group's profit before taxation	4,985

9. CARRYING AMOUNT OF REVALUED ASSETS

Not applicable.

10. SIGNIFICANT AND SUBSEQUENT EVENT

There were no material events subsequent to 31 March 2012 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

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

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2012**

13. COMMITMENTS

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

	As at 31 March 2012 RM'000	As at 30 June 2011 RM'000
Non-cancellable operating lease commitments		
Future minimum rentals payable:		
Not later than 1 year	114	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>284</u>	<u>641</u>

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2012

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 March 2012	Current period to-date ended 31 March 2012	Preceding year corresponding period ended 31 March 2011	Variance for Period-to- date [Favorable / (adverse)] RM'000
	RM'000	RM'000	RM'000	RM'000
Facilities	12,475	37,091	30,453	6,638
Environment	8,331	26,714	50,440	(23,726)
Engineering	4,760	15,158	19,345	(4,187)
Technology	1,050	3,302	4,720	(1,418)
Segment profit/(loss)	Current quarter ended 31 March 2012	Current period to-date ended 31 March 2012	Preceding year corresponding period ended 31 March 2011	Variance for period-to- date [Favorable / (adverse)] RM'000
	RM'000	RM'000	RM'000	RM'000
Facilities	789	3,001	3,483	(482)
Environment	2,016	6,045	9,225	(3,180)
Engineering	224	1,149	1,487	(338)
Technology	(359)	(1,197)	(1,310)	(113)

14.1 Facilities Division

Segment pre-tax profit this Division in the current period to-date is RM0.5 million lower as compared to RM 3.5 million recorded in the corresponding period last year principally due to the write back of allowance for impairment losses in the corresponding period last year.

14.2 Environment Division

Segment profit of the Environment Division eased to RM6.0 million in the current period to-date as compared to a segment pre-tax profit of RM9.2 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 RM0.3 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 softer segment loss of RM1.2 million in the current period to-date as compared to a segment loss of RM1.3 million in the corresponding period last year following the rightsizing exercise undertaken by the Division.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2012

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

	Current quarter ended 31 March 2012 RM'000	Preceding quarter ended 31 December 2011 RM'000	Variance RM'000
(Loss)/Profit before taxation	1,404	1,842	(438)

The Group registered a lower profit before taxation of RM1.4 million for the current quarter as compared to profit before taxation of RM1.8 million recorded in the immediate preceding quarter following the lower revenue registered by the Engineering Division.

16. COMMENTARY ON PROSPECTS

16.1 Facilities Division

Principal 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. Project 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. Various options are being pursued to resolve the unsatisfactory performance of Infinite QL Sdn Bhd, the subsidiary under this Division which has continued to perform poorly.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2012

17. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable.

18. INCOME TAX EXPENSE

	Current quarter ended 31 March 2012 RM'000	Period to date ended 31 March 2012 RM'000
Income tax expense for the period	244	577

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

As announced on 19 March 2012, the proposed modification to the existing Bylaws of the employees' share option scheme of the Company ("Proposed Modification") and the proposed allocation of options to the Directors of the Company together with other incidental amendments thereto had been approved by the shareholders of the Company.

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 March 2012 RM'000	As at 30 June 2011 RM'000
Secured short-term borrowings:		
Bank overdrafts	967	959
Revolving credit	950	950
Term loan	601	643
Hire purchase payables	720	634
Total short-term borrowings	3,238	3,186
Secured long-term borrowings:		
Term loan	3,281	3,014
Hire purchase payables	1,530	1,288
Total borrowings	8,049	7,488

All of the above borrowings are denominated in Ringgit Malaysia except for RM278,810 (2011: RM248,734) which are denominated in Singapore Dollars.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2012

21. MATERIAL LITIGATION

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

22. PROPOSED DIVIDEND

- (a) There is no dividend proposed in the current quarter.
- (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 March 2012	Period to date ended 31 March 2012
Profit attributable to equity holders of the parent (RM'000)	455	2,233
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	225,413	225,413
Basic earnings per share (sen)	<u>0.20</u>	<u>0.99</u>

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 THIRD QUARTER ENDED 31 MARCH 2012

24. REALISED AND UNREALISED PROFITS/LOSSES

	As at 31 March 2012 RM'000
Total retained profits / (accumulated losses) of the Company and its subsidiaries:	
- Realised	(7,395)
- Unrealised	(935)
	(8,330)
Total share of retained profit / (accumulated losses) from associated company:	
- Realised	-
- Unrealised	-
Total share of retained profit / (accumulated losses) from jointly controlled entity:	
- Realised	3,005
- Unrealised	-
	(5,325)
Less: Consolidation adjustments	89
Total group retained profit / (accumulated losses) as per consolidated accounts	(5,236)

25. ITEMS INCLUDED IN CONDENSED CONSOLIDATE STATEMENT OF COMPREHENSIVE INCOME

Profit from operations is for the current quarter and period to-date ended 31 March 2012 is stated after charging / (crediting) the following items:

	Current quarter ended 31 March 2012 RM'000	Period to date ended 31 March 2012 RM'000
Interest income	(147)	(325)
Other income	(227)	(411)
Interest expense	198	556
Depreciation and amortisation	725	2,578
Provision for and write off of receivables	74	102
Provision for and write off of inventories	46	88
(Gain)/loss on disposal of quoted or unquoted investments or properties	-	(332)
Impairment of assets	-	-
Foreign exchange gain or loss	(54)	(36)
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 29 May 2012.