

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2012

	(Unaudited)	(Audited)
	AS AT	AS AT
Note	31/12/2012	30/6/2012
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	9,906	11,492
Investment properties	2,963	2,998
Other investments	36	36
Intangible assets - others	342	548
Intangible assets - goodwill	6,522	7,682
Deferred tax assets	69	78
	19,838	22,834
CURRENT ASSETS		
Amount owing by jointly controlled entity	2,425	3,278
Inventories	17,583	12,932
Tax recoverable	3,614	4,460
Other receivables	3,874	3,603
Trade receivables	41,621	51,397
Cash and bank balances	47,659	49,406
	116,776	125,076
TOTAL ASSETS	136,614	147,910
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	68,604	68,604
Treasury shares	(855)	(855)
Reserves	2,037	5,202
	69,786	72,951
Non-controlling interests	23,259	26,093
Total Equity	93,045	99,044
NON-CURRENT LIABILITIES		
Provision for end of service benefit	-	322
Long term borrowings	20 3,733	4,621
Deferred taxation	17	17
	3,750	4,960
CURRENT LIABILITIES		
Other payables	21,501	19,556
Trade payables	15,017	18,553
Provision for taxation	1,823	2,467
Short term borrowings	20 1,478	3,330
	39,819	43,906
TOTAL LIABILITIES	43,569	48,866
TOTAL EQUITY AND LIABILITIES	136,614	147,910
NET ASSETS PER SHARE (RM)	0.31	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 2012.

The accompanying notes are an integral part of this statement.

AWC BERHAD
(Company No. 550098-A)
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2012

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2011 RM'000	CURRENT YEAR TO DATE 31/12/2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2011 RM'000
Revenue	14	35,123	28,692	60,543	54,610
Cost of sales		(23,308)	(19,945)	(42,041)	(35,687)
Gross profit		11,815	8,747	18,502	18,923
Other operating income		252	58	518	184
Other operating expenses		(7,026)	(6,874)	(17,228)	(15,348)
Profit from operations		5,041	1,931	1,792	3,759
Finance costs, net		(28)	(89)	(66)	(180)
Profit before taxation	14	5,013	1,842	1,726	3,579
Income tax expense	18	(1,480)	(189)	(1,536)	(332)
(Loss)/Profit for the financial period		3,532	1,653	190	3,247
Other comprehensive income:					
Foreign currency translation differences		41	96	(1,223)	440
Total comprehensive (expenses)/income for the financial period		3,573	1,749	(1,033)	3,687
(Loss)/Profit attributable to:					
Owners of the Company		3,902	1,055	839	1,780
Non-controlling interests		(370)	598	(649)	1,467
		3,532	1,653	190	3,247
Total comprehensive (expenses)/income attributable to:					
Owners of the Company		3,922	1,104	216	2,004
Non-controlling interests		(349)	645	(1,249)	1,683
		3,573	1,749	(1,033)	3,687
Basic earnings per share (sen)	23	1.73	0.47	0.37	0.79

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2012.

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 2012**

	----- [Non - Distributable] -----					Distributable Accumulated Losses	Total	Non- Controlling Interests	Total Equity
	Share Capital	Share Premium	Treasury Shares	Foreign Exchange Reserves	Statutory Reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>31 December 2012</u>									
At 1 July 2012	68,604	7,649	(855)	586	307	(3,341)	72,950	26,094	99,044
Total comprehensive expenses for the financial period	-	-	-	(623)	-	839	216	(1,249)	(1,033)
Contributions by and distribution to owners of the Company:									
- Disposal of subsidiaries	-	-	-	-	-	-	-	(1,586)	(1,586)
- Dividend	-	-	-	-	-	(3,380)	(3,380)	-	(3,380)
At 31 December 2012	68,604	7,649	(855)	(37)	307	(5,882)	69,786	23,259	93,045
<u>31 December 2011</u>									
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

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 2012.

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 2012

	CURRENT PERIOD TO DATE	PREVIOUS PERIOD TO DATE
	31/12/2012 RM'000	31/12/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,726	3,579
Adjustments for:		
Non-cash items	2,475	1,563
Non-operating items	66	179
Operating profit before working capital changes	4,267	5,321
Net change in current assets	813	18,045
Net change in current liabilities	(361)	(21,484)
Cash generated from operations	4,720	1,882
Interest paid	(277)	(358)
Deferred expenditure paid	-	(570)
Taxes paid	(1,298)	(1,935)
Net cash generated from/(used in) operating activities	3,144	(980)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in amount due from associated company	-	56
Net change in amount owing by/to jointly controlled entity	852	101
Net cash outflow arising on disposal of a subsidiary	(532)	-
Purchase of plant and equipment	(544)	(1,473)
Proceeds from disposals of plant and equipment	184	162
Proceeds from disposals of investment property	-	720
Purchase of other investment	-	(634)
Interest received	211	179
Net cash generated from/(used in) investing activities	171	(889)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loans	(302)	183
Repayment of trade loan	(72)	-
Repayment of hire purchase and lease payables	(325)	(461)
Acquisition of treasury shares	-	(13)
Dividends paid to owners	(3,380)	-
Net cash used in financing activities	(4,079)	(291)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(765)	(2,160)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	48,424	63,067
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	47,659	60,907
Cash and cash equivalents comprise:		
Cash and bank balances	16,414	27,708
Deposits with licensed bank	31,245	34,266
	47,659	61,974
Less: Bank overdrafts	-	(1,067)
	47,659	60,907

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2012.

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 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 the requirements of Malaysian Financial Reporting Standards (“MFRS”), MFRS 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 2012.

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 2012.

For the periods up to and including the year ended 30 June 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”). The Group has adopted the MFRS Framework issued by the Malaysian Accounting Standards Board (“MASB”) with effect from 1 July 2012. This MFRS Framework was introduced by the MASB in order to fully converge Malaysia’s existing FRS Framework with the International Financial Reporting Standards (“IFRS”) Framework issued by the International Accounting Standards Board.

These interim financial statements are the Group’s first MFRS compliant interim financial statements and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (“MFRS”) has been applied.

The audited financial statements of the Group for the year ended 30 June 2012 were prepared in accordance with FRS. As the requirement under FRS and MFRS are similar, the significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the year ended 30 June 2012.

MFRSs, Amendments to MFRSs and IC Interpretations issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretations	Effective Date	
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments In Associates and Joint Ventures	1 January 2013

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<u>MFRSs, Amendments to MFRSs and IC Interpretations</u>		<u>Effective Date</u>
Amendments to MFRS 1	Government Loan	
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 9	Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in Production Phase of Surface Mine	1 January 2013

The adoption of the accounting standards and interpretations set out above is expected to have no material impact on the financial statements of the Group upon their initial application.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 30 June 2012 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 2012 is as follows:-

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2012

	No. of shares	Amount
		RM
Balance of treasury shares as at 1 October 2012	3,326,800	855,221
add: Purchase of treasury shares during the period under review	-	-
	3,326,800	855,221
less: Sale of treasury shares	-	-
Balance of treasury shares as at 31 December 2012	3,326,800	855,221

7. DIVIDENDS PAID

A first interim single-tier dividend in respect of the financial year ending 30 June 2013 declared on 3 September 2012 amounting to 1.5 sen per share was paid in the current quarter i.e. on 18 October 2012.

8. SEGMENTAL INFORMATION

The segment information for the current period to-date ended 31 December 2012 is as follows:

	Investment holding	Facilities Division	Engineering Division	Environment Division	Adjustments and eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	36,001	12,267	12,298	(23)	60,543
Inter-segment revenue	-	-	23	-	-	23
Segment (loss)/profit	(1,615)	6,064	183	(605)	-	4,026
Segment assets	92,211	54,752	25,241	66,279	(101,870)	136,613

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

	RM'000
Total profit for reportable segments	4,026
Inter-segment profit / (loss)	(1,149)
Corporate income / (expenses)	(1,151)
Group's profit before taxation	1,726

9. CARRYING AMOUNT OF REVALUED ASSETS

Not Applicable.

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2012**

10. SIGNIFICANT AND SUBSEQUENT EVENT

There were no material events subsequent to 31 December 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

There had been no change in the composition of the Group during the current quarter.

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

	As at 31 December 2012 RM'000	As at 30 June 2012 RM'000
Non-cancellable operating lease commitments		
Future minimum rentals payable:		
Not later than 1 year	64	127
Later than 1 year and not later than 2 years	113	113
Later than 2 years and not later than 5 years	-	-
	<u>177</u>	<u>240</u>

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 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 December 2012 RM'000	Current period to-date ended 31 December 2012 RM'000	Preceding year corresponding period ended 31 December 2011 RM'000	Variance for Period-to- date [Favorable / (adverse)] RM'000
Facilities	22,216	36,001	24,616	11,385
Environment	6,847	12,298	18,384	(6,086)
Engineering	6,073	12,267	10,398	1,869
Segment profit/(loss)	Current quarter ended 31 December 2012 RM'000	Current period to-date ended 31 December 2012 RM'000	Preceding year corresponding period ended 31 December 2011 RM'000	Variance for period-to- date [Favorable / (adverse)] RM'000
Facilities	6,001	6,064	2,212	3,852
Environment	(432)	(605)	4,029	(4,634)
Engineering	61	183	925	(742)

14.1 Facilities Division

This Division registered a pre-tax profit of RM6.0 million for the current period to-date which was RM3.9 million higher as compared to the corresponding period last year principally due to the additional revenue derived following revision in concession rates.

14.2 Environment Division

The Environment Division recorded a pre-tax loss of RM0.6 million for the current period to-date as compared to a pre-tax profit of RM4.0 million in the corresponding period last year in view of the lower project-based income following the completion of its major project in the Middle East i.e. Al Raha Beach Development project.

Delay in the progress of certain projects in the Middle East and Malaysia also resulted in lower revenue recognition in the current period to-date.

14.3 Engineering Division

The pre-tax earnings of the Engineering Division for the current period to-date was lower by RM0.7 million against the corresponding period in view of the higher operating costs.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2012

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

	Current quarter ended 31 December 2012 RM'000	Preceding quarter ended 31 September 2012 RM'000	Variance RM'000
Profit/(Loss) before taxation	5,013	(3,287)	8,300

The Group registered a profit before taxation of RM5.0 million for the current quarter as compared to loss before taxation of RM3.3 million against the immediate preceding quarter principally due to the additional revenue derived following revision in concession rates and lower corporate expenses. In addition, the Group recorded a loss on disposal of Technology Division of RM1.2 million during the immediate preceding quarter.

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 onshore and offshore projects which is highly correlated to:-

- (a) The economic prospects and development of the offshore regions in which it operates principally in the Middle East and Singapore.
- (b) Project risks such as delay in progress and completion of projects which may also result in lower revenue recognition leading to an adverse impact on the financial performance of this Division.

In addition, 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

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 under highly challenging market conditions.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2012

17. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable.

18. INCOME TAX EXPENSE

	Current quarter ended 31 December 2012 RM'000	Period to date ended 31 December 2012 RM'000
Income tax expense for the period	1,480	1,536

The effective tax rate of certain subsidiaries 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

There was no corporate proposal announced but not completed as at the latest practicable date.

20. BORROWINGS

	As at 31 December 2012 RM'000	As at 30 June 2012 RM'000
Secured short-term borrowings:		
Bank overdrafts	-	982
Trade loan	-	72
Revolving credit	-	950
Term loan	809	603
Hire purchase payables	669	723
Total short-term borrowings	1,478	3,330
Secured long-term borrowings:		
Term loan	2,007	2,691
Hire purchase payables	1,726	1,930
	3,733	4,611
Total borrowings	5,211	7,951

All of the above borrowings are denominated in Ringgit Malaysia except for RM276,815 (2012: RM265,230) which are denominated in Singapore Dollars, RM196,270 (2012: RM175,963) which are denominated in Indian Rupee and RM Nil (2012: RM71,901) which are denominated in Swedish Krona.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 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) A first interim single-tier dividend of 1.5 sen per share was declared on 3 September 2012. (2012: interim dividends of 1.5 sen per share) and paid on 18 October 2012.
- (b) The total dividend for the current financial year to-date ending 30 June 2013 is interim dividend of 1.5 sen per share (2012: interim dividend of 1.5 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 owners of the Company 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 2012	Period to date ended 31 December 2012
Profit/(Loss) attributable to owners of the company (RM'000)	3,902	839
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	225,352	225,352
Basic earnings per share (sen)	1.73	0.37

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 2012

24. REALISED AND UNREALISED PROFITS/LOSSES

	As at 31 December 2012 RM'000
Total retained profits / (accumulated losses) of the Company and its subsidiaries:	
- Realised	(8,377)
- Unrealised	(41)
	(8,418)
Total share of retained profit / (accumulated losses) from associated company:	
- Realised	-
- Unrealised	-
Total share of retained profit / (accumulated losses) from jointly controlled entity:	
- Realised	2,447
- Unrealised	-
	(5,971)
Less: Consolidation adjustments	89
Total group retained profit / (accumulated losses) as per consolidated accounts	(5,882)

25. ITEMS INCLUDED IN CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Current quarter ended 31 December 2012 RM'000	Period to date ended 31 December 2012 RM'000
Interest income	(108)	(211)
Other (income)/expenses	(252)	(518)
Interest expense	136	277
Depreciation and amortisation	502	1,043
Provision for and write off of receivables	-	-
Provision for and write off of inventories	21	42
(Gain)/loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange (gain) or loss	-	4
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 2013.