

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30/06/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2013 RM'000	CURRENT YEAR TO DATE 30/06/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2013 RM'000
Revenue	14	43,117	37,969	119,570	145,000
Cost of sales		(24,502)	(25,014)	(77,943)	(96,290)
Gross profit		18,615	12,955	41,627	48,710
Other operating income		1,098	313	1,253	1,068
Other operating expenses		(6,907)	(10,435)	(29,346)	(40,467)
Profit from operations		12,806	2,833	13,534	9,311
Finance costs, net		214	579	375	404
Profit before taxation	14	13,020	3,412	13,909	9,715
Income tax expense	18	(2,637)	(1,420)	(3,702)	(4,127)
Profit/(Loss) for the financial period		10,383	1,992	10,207	5,588
Other comprehensive income/(expenses):					
Foreign currency translation differences		613	242	804	331
Total comprehensive income/(expenses) for the financial period		10,996	2,234	11,011	5,919
Profit/(Loss) attributable to:					
Owners of the Company		6,043	973	7,175	4,555
Non-controlling interests		4,340	1,019	3,032	1,033
		10,383	1,992	10,207	5,588
Total comprehensive income/(expenses) attributable to:					
Owners of the Company		6,476	1,156	7,705	4,695
Non-controlling interests		4,520	1,253	3,306	1,224
		10,996	2,234	11,011	5,919
Basic earnings per share (sen)	23	2.68	0.43	3.18	2.00

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2013.

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 FOURTH QUARTER ENDED 30 JUNE 2014

	(Unaudited)	(Audited)
Note	AS AT 30/06/2014 RM'000	AS AT 30/6/2013 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	6,826	8,700
Investment properties	1,905	2,026
Other investments	2	36
Intangible assets - others	13	146
Intangible assets - goodwill	5,912	5,912
Deferred tax assets	703	3,544
	15,361	20,364
CURRENT ASSETS		
Amount owing by jointly controlled entity	1,401	2,047
Inventories	11,427	11,341
Tax recoverable	1,280	4,828
Other receivables	7,089	4,285
Trade receivables	64,654	48,701
Cash and bank balances	43,504	63,766
	129,355	134,968
TOTAL ASSETS	144,716	155,332
EQUITY AND LIABILITIES		
Equity		
Share capital	68,604	68,604
Treasury shares	(855)	(855)
Reserves	11,087	3,382
	78,836	71,131
Equity attributable to owners of the Company	78,836	71,131
Non-controlling interests	27,420	24,114
	106,256	95,245
Total Equity	106,256	95,245
NON-CURRENT LIABILITIES		
Other payable	2,786	2,674
Provision for end of service benefit	-	164
Long term borrowings	1,589	3,147
Deferred taxation	99	99
	4,474	6,084
CURRENT LIABILITIES		
Other payables	12,119	28,110
Trade payables	19,152	16,760
Provision for taxation	1,293	7,547
Short term borrowings	1,422	1,586
	33,986	54,003
TOTAL LIABILITIES	38,460	60,087
TOTAL EQUITY AND LIABILITIES	144,716	155,332
NET ASSETS PER SHARE (RM)	0.35	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 2013.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 30 JUNE 2014**

	[Non - Distributable]		Foreign Exchange Reserves RM'000	Statutory Reserve RM'000	Distributable (Accumulated Losses)/Retained Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000	
	Share Capital RM'000	Share Premium RM'000							Treasury Shares RM'000
30 June 2014									
At 1 July 2013	68,604	7,649	(855)	768	307	(5,342)	71,131	24,114	95,245
Total comprehensive income for the financial period	-	-	-	530	-	7,175	7,705	3,306	11,011
At 30 June 2014	68,604	7,649	(855)	1,298	307	1,833	78,836	27,420	106,256
30 June 2013									
At 1 July 2012	68,604	7,649	(855)	587	307	(4,263)	72,029	26,093	98,122
Total comprehensive income for the financial period	-	-	-	140	-	4,555	4,695	1,224	5,919
Contributions by and distribution to owners of the Company:									
Issuance of share capital of a subsidiary to non-controlling interest	-	-	-	-	-	-	-	48	48
Disposal of subsidiaries	-	-	-	-	-	-	-	(1,586)	(1,586)
Deconsolidation of a subsidiary	-	-	-	41	-	-	41	(319)	(278)
Increase in investment in a subsidiary by non-controlling interest	-	-	-	-	-	-	-	128	128
Share of impairment on goodwill on non-controlling interest of subsidiaries	-	-	-	-	-	-	-	399	399
Reclassification	-	-	-	-	-	-	-	87	87
Dividend	-	-	-	-	-	(5,634)	(5,634)	(1,960)	(7,594)
At 30 June 2013	68,604	7,649	(855)	768	307	(5,342)	71,131	24,114	95,245

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 2013.

The accompanying notes are an integral part of this statement.

AWC BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUATER ENDED 30 JUNE 2014

	CURRENT PERIOD TO DATE	PREVIOUS PERIOD TO DATE
	30/06/2014 RM'000	30/06/2013 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit before taxation	13,909	9,715
Adjustments for:		
Non-cash items	1,238	23,001
Non-operating items	(375)	(403)
Operating profit before working capital changes	14,772	32,313
Net change in current assets	(18,924)	(3,527)
Net change in current liabilities	(13,251)	(1,536)
Cash (used in)/generated from operations	(17,403)	27,250
Interest paid	(530)	(499)
Payment for retirement benefit obligation	(164)	(131)
Payment for provision for end service benefits	(164)	(220)
Taxes paid	(3,566)	(2,185)
Net cash (used in)/generated from operating activities	(21,827)	24,215
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Net change in amount owing by/to jointly controlled entity	-	(617)
Net cash outflow from deconsolidation of a subsidiary	-	(14)
Net cash outflow arising on disposal of a subsidiary	-	(532)
Purchase of plant and equipment	(1,110)	(474)
Proceeds from disposals of plant and equipment	2,689	303
Issuance of share capital of a subsidiary to non-controlling interests	-	48
Increase of investment in subsidiary by non-controlling interest	-	129
Interest received	905	903
Net cash generated from/(used in) investing activities	2,484	(254)
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of term loans	(535)	(600)
Repayment/(Drawdown) of trade loan	(353)	281
Repayment of hire purchase and lease payables	(834)	(1,024)
Dividends paid to non-controlling interests	-	(1,960)
Dividends paid to owners	-	(5,634)
Net cash used in financing activities	(1,722)	(8,937)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(21,065)	15,024
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	63,766	48,424
Effects of exchange differences	802	318
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	43,503	63,766
Cash and cash equivalents comprise:		
Cash and bank balances	25,372	20,636
Deposits with licensed bank	18,131	43,130
	43,503	63,766

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2013.

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 FOURTH QUARTER ENDED 30 JUNE 2014

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 2013.

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 2013.

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

The following MFRSs, Amendments to MFRSs and IC Interpretations have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group:

<u>MFRSs, Amendments to MFRSs and IC Interpretations</u>	<u>Effective Date</u>	
MFRS 9	Financial Instruments	1 January 2015
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 9 and MFRS 7	Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions	1 July 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Annual Improvements to MFRSs 2010-2012 Cycle		1 July 2014
Annual Improvements to MFRSs 2010-2012 Cycle		1 July 2014

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

The adoption of the accounting standards, amendments 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 2013 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 30 June 2014 is as follows:-

	No. of shares	Amount RM
Balance of treasury shares as at 31 March 2014	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 30 June 2014	3,326,800	855,221

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

7. DIVIDENDS PAID

There was no dividend paid in the current quarter.

8. SEGMENTAL INFORMATION

The segment information for the current period to-date ended 30 June 2014 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	-	71,171	27,787	31,243	(10,632)	119,570
Inter-segment revenue	-	9,631	1,001	-	-	10,632
Segment (loss)/profit	(2,024)	9,048	1,977	7,205	-	16,206
Segment assets	44,015	47,384	30,172	69,445	(46,300)	144,716

Reconciliation of profit for the current period to-date ended 30 June 2014 is as follow:

	RM'000
Total profit for reportable segments	16,206
Inter-segment profit /(loss)	(2,297)
Group's profit before taxation	13,909

9. CARRYING AMOUNT OF REVALUED ASSETS

Not Applicable.

10. SIGNIFICANT AND SUBSEQUENT EVENT

There were no material events subsequent to 30 June 2014 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 was 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.

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014**

13. COMMITMENTS

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

	As at 30 June 2014 RM'000	As at 30 June 2013 RM'000
Non-cancellable operating lease commitments		
Future minimum rentals payable:		
Not later than 1 year	669	569
Later than 1 year and not later than 2 years	386	269
Later than 2 years and not later than 5 years	741	6
	<u>1,796</u>	<u>844</u>

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

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 30 June 2014	Current period to-date ended 30 June 2014	Preceding year corresponding period ended 30 June 2013	Variance for Period-to-date [Favorable / (adverse)] RM'000
	RM'000	RM'000	RM'000	RM'000
Facilities	16,444	61,540	78,534	(16,994)
Environment	17,751	31,243	42,607	(11,364)
Engineering	9,014	26,878	23,550	3,328
Segment profit/(loss)	Current quarter ended 30 June 2014	Current period to-date ended 30 June 2014	Preceding year corresponding period ended 30 June 2013	Variance for period-to-date [Favorable / (adverse)] RM'000
	RM'000	RM'000	RM'000	RM'000
Facilities	3,751	9,048	6,891	2,157
Environment	9,439	7,205	5,294	1,911
Engineering	1,810	1,977	149	1,828

14.1 Facilities Division

This Division registered a pre-tax profit of RM9.0 million for the current period to-date which was RM2.2 million higher as compared to the corresponding period last year principally due to impairment loss on subsidiaries registered in the corresponding period last year.

14.2 Environment Division

The Environment Division recorded a pre-tax profit of RM7.2 million for the current period to-date as compared to a pre-tax profit of RM5.3 million in the corresponding period last year primarily due to the allowance for impairment losses for trade receivables registered in the corresponding period last year.

14.3 Engineering Division

The pre-tax earnings of the Engineering Division for the current period to-date were higher by RM1.8 million against the corresponding period last year principally due to higher turnover and gross profit registered by the Singapore arm of the Engineering Division i.e. M & C Engineering and Trading (S) Pte Ltd and gain on disposal of properties for the current period to-date.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

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

	Current quarter ended 30 June 2014 RM'000	Preceding quarter ended 31 March 2014 RM'000	Variance RM'000
Profit before taxation	13,020	371	12,649

The Group registered a profit before taxation of RM12.6 million for the current quarter as compared to profit before taxation of RM0.4 million in the immediate preceding quarter principally due to stronger profit before taxation registered by the Environment Division in the current quarter.

16. COMMENTARY ON PROSPECTS

16.1 Facilities Division

The income of the Facilities Division is derived principally from Federal Government integrated facilities management services concession which is currently on interim extension.

16.2 Environment Division

Revenue and profit of the Environment Division are closely pegged to project income from contracted onshore and offshore projects which are 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 commencement, progress and completion of projects which may 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 and Singapore Dollar.

Considering the present global economic climate, the Environment Division shall be selective in building its order books in 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 intense market competition.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014

17. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable.

18. INCOME TAX EXPENSE

	Current quarter ended 30 June 2014 RM'000	Period to date ended 30 June 2014 RM'000
Income tax expense for the period	2,637	3,702

The effective tax rate of certain subsidiaries is higher than the statutory tax rate mainly due to the effect of certain expenses not deductible for tax purposes 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 30 June 2014 RM'000	As at 30 June 2013 RM'000
Secured short-term borrowings:		
Bank overdrafts	-	-
Trade loan	-	352
Term loan	809	601
Hire purchase payables	613	633
Total short-term borrowings	1,422	1,586
Secured long-term borrowings:		
Term loan	1,154	1,897
Hire purchase payables	435	1,250
	1,589	3,147
Total borrowings	3,011	4,733

All of the above borrowings are denominated in Ringgit Malaysia except for RM160,554 (2013: RM586,911) which are denominated in Singapore Dollars.

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014**

21. MATERIAL LITIGATION

On 16 May 2014, the Company announced that a consent judgment that the Company and DS Capital Sdn Bhd (“DS”) mutually agreed to terminate the joint venture agreement between the Company and DS dated 1 April 2011 without any admission of liability on the part of either has been recorded on 6 May 2014.

Further to the aforesaid announcement, there is no material development on the above matter.

22. PROPOSED DIVIDEND

There was no dividend proposed in the current quarter.

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 30 June 2014	Period to date ended 30 June 2014
Profit attributable to owners of the company (RM’000)	6,043	7,175
Weighted average number of ordinary shares in issue, excluding treasury shares (’000)	225,352	225,352
Basic earnings per share (sen)	<u>2.68</u>	<u>3.18</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 FOURTH QUARTER ENDED 30 JUNE 2014

24. REALISED AND UNREALISED PROFITS/LOSSES

	As at 30 June 2014 RM'000
Total retained profits / (accumulated losses) of the Company and its subsidiaries:	
- Realised	43,678
- Unrealised	558
	44,236
Total share of retained profit / (accumulated losses) from associated company:	
- Realised	-
- Unrealised	-
Total share of retained profit / (accumulated losses) from jointly controlled entity:	
- Realised	-
- Unrealised	-
	44,236
Less: Consolidation adjustments	(42,403)
Total group retained profit / (accumulated losses) as per consolidated accounts	1,833

25. ITEMS INCLUDED IN CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit from operations is for the current quarter and period to-date ended 30 June 2014 is stated after charging / (crediting) the following items:

	Current quarter ended 30 June 2014 RM'000	Period to date ended 30 June 2014 RM'000
Interest income	(331)	(905)
Other (income)/expenses	(1,098)	(1,253)
Interest expense	117	530
Depreciation and amortisation	400	1,760
Provision for and write off of receivables	442	643
Provision for and write off of inventories	299	362
(Gain)/loss on disposal of quoted or unquoted investments or properties	(1,230)	(1,230)
Impairment of assets	-	-
Foreign exchange (gain)/ loss	43	295
(Gain)/ 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 25 August 2014.