

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2014

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/12/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2013 RM'000	CURRENT YEAR TO DATE 31/12/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2013 RM'000
Revenue	14	30,809	23,197	62,969	50,047
Cost of sales		(19,647)	(15,820)	(41,776)	(34,960)
Gross profit		11,162	7,377	21,193	15,087
Other operating income		2,878	15	3,688	103
Other operating expenses		(8,810)	(7,190)	(15,747)	(14,767)
Profit from operations		5,230	202	9,134	423
Finance costs, net		40	46	(5)	95
Profit before taxation	14	5,270	248	9,129	518
Income tax expense	18	(267)	(406)	(729)	(663)
Profit/(Loss) for the financial period		5,003	(158)	8,400	(145)
Other comprehensive income/(expenses):					
Foreign currency translation differences		1,884	(140)	1,901	191
Total comprehensive income/(expenses) for the financial period		6,887	(298)	10,301	46
Profit/(Loss) attributable to:					
Owners of the Company		2,502	540	5,011	890
Non-controlling interests		2,501	(698)	3,389	(1,035)
		5,003	(158)	8,400	(145)
Total comprehensive income/(expenses) attributable to:					
Owners of the Company		3,577	468	6,095	987
Non-controlling interests		3,310	(766)	4,206	(941)
		6,887	(298)	10,301	46
Basic earnings per share (sen)	23	1.11	0.24	2.22	0.39

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2014.

The accompanying notes are an integral part of this statement.

AWC BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2014

	(Unaudited)	(Audited)
	AS AT	AS AT
Note	31/12/2014	30/6/2014
	RM'000	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	6,971	6,809
Investment properties	1,845	1,905
Other investments	2	2
Investment in jointly controlled entity	2,639	-
Intangible assets - others	10	13
Intangible assets - goodwill	5,912	5,912
Deferred tax assets	1,863	2,063
	<u>19,242</u>	<u>16,704</u>
CURRENT ASSETS		
Amount owing by jointly controlled entity	88	1,401
Inventories	12,392	11,364
Tax recoverable	2,186	1,497
Other receivables	4,695	5,812
Trade receivables	44,678	68,169
Deposits with licensed banks, cash and bank balances	70,621	43,363
	<u>134,660</u>	<u>131,606</u>
TOTAL ASSETS	<u>153,902</u>	<u>148,310</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	68,604	68,604
Treasury shares	(855)	(855)
Reserves	17,359	11,264
	<u>85,108</u>	<u>79,013</u>
Equity attributable to owners of the Company	<u>85,108</u>	<u>79,013</u>
Non-controlling interests	30,049	27,780
	<u>115,157</u>	<u>106,793</u>
Total Equity	<u>115,157</u>	<u>106,793</u>
NON-CURRENT LIABILITIES		
Other payables	2,484	2,484
Provision for end of service benefit	-	139
Long term borrowings	20 1,671	1,933
Deferred tax liabilities	100	99
	<u>4,255</u>	<u>4,655</u>
CURRENT LIABILITIES		
Other payables	22,353	10,852
Trade payables	8,230	22,060
Provision for taxation	2,956	2,872
Short term borrowings	20 951	1,078
	<u>34,490</u>	<u>36,862</u>
TOTAL LIABILITIES	<u>38,745</u>	<u>41,517</u>
TOTAL EQUITY AND LIABILITIES	<u>153,902</u>	<u>148,310</u>
NET ASSETS PER SHARE (RM)	<u>0,38</u>	<u>0,35</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 2014.

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 2014

	[Non - Distributable]				4		Total	Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Treasury Shares	Foreign Exchange Reserves	Statutory Reserve	Distributable (Accumulated Losses)/Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2014									
At 1 July 2014	68,604	7,649	(855)	1,288	307	2,020	79,013	27,780	106,793
Total comprehensive income for the financial period	-	-	-	1,084	-	5,011	6,095	4,206	10,301
Contributions by and distribution to owners of the Company:									
- Disposal of subsidiary	-	-	-	-	-	-	-	23	23
- Dividend	-	-	-	-	-	-	-	(1,960)	(1,960)
At 31 December 2014	68,604	7,649	(855)	2,372	307	7,031	85,107	30,049	115,156
31 December 2013									
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	-	-	-	97	-	890	987	(941)	46
At 31 December 2013	68,604	7,649	(855)	865	307	(4,452)	72,118	23,173	95,291

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 2014.

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 2014

	CURRENT PERIOD TO DATE	PREVIOUS PERIOD TO DATE
	31/12/2014 RM'000	31/12/2013 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit before taxation	9,129	518
Adjustments for:		
Non-cash items	(2,600)	1,022
Non-operating items	5	(95)
Operating profit before working capital changes	6,534	1,445
Net change in current assets	22,282	2,602
Net change in current liabilities	898	(11,900)
Cash generated from/(used in) operations	29,714	(7,853)
Interest paid	(269)	(269)
Taxes paid	(1,192)	(1,728)
Net cash generated from/(used in) operating activities	28,253	(9,850)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in amount owing by/to jointly controlled entity	1,768	-
Net cash inflow arising on disposal of a subsidiary	192	-
Purchase of plant and equipment	(935)	(587)
Proceeds from disposals of plant and equipment	64	270
Interest received	265	364
Net cash generated from investing activities	1,354	47
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of term loans	(251)	(251)
Repayment of trade loan	-	(352)
Repayment of hire purchase and lease payables	(138)	(482)
Dividends paid to non-controlling interest	(1,960)	-
Net cash used in financing activities	(2,349)	(1,085)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	27,258	(10,888)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	43,363	63,766
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	70,621	52,878
Cash and cash equivalents comprise:		
Cash and bank balances	22,969	24,150
Deposits with licensed bank	47,652	28,728
	70,621	52,878

The Condensed Consolidated Statement of Cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2014.

The accompanying notes are an integral part of this statement.

AWC BERHAD
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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 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 2014.

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 2014.

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 Malaysian Accounting Standards Board (“MASB”) but are not yet effective, and have yet to be adopted by the Group:

MFRSs, Amendments to MFRSs and IC Interpretations		Effective Date
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 15	Revenue From Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments	1 January 2018
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 9 and MFRS 7	Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2018

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 2014 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.

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2014**

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 2014 is as follows:-

	No. of shares	Amount RM
Balance of treasury shares as at 1 October 2014	3,326,800	855,221
add: Purchase of treasury shares during the period under review	-	-
Balance of treasury shares as at 31 December 2014	<u>3,326,800</u>	<u>855,221</u>

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 2014

8. SEGMENTAL INFORMATION

The segment information for the current period to-date ended 31 December 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	-	42,667	11,174	16,627	(7,500)	62,969
Inter-segment revenue	-	7,460	40	-	-	7,500
Segment (loss)/profit	916	3,169	652	7,479	-	12,216
Segment assets	44,937	56,058	27,589	70,399	(45,082)	153,901

Reconciliation of profit for the current period to-date ended 31 December 2014 is as follow:

	RM'000
Total profit for reportable segments	12,216
Inter-segment profit /(loss)	(3,087)
Group's profit before taxation	9,129

9. CARRYING AMOUNT OF REVALUED ASSETS

Not Applicable.

10. SIGNIFICANT AND SUBSEQUENT EVENT

There were no material events subsequent to 31 December 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 SECOND QUARTER ENDED 31 DECEMBER 2014**

13. COMMITMENTS

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

	As at 31 December 2014 RM'000	As at 30 June 2014 RM'000
Non-cancellable operating lease commitments		
Future minimum rentals payable:		
Not later than 1 year	335	669
Later than 1 year and not later than 2 years	388	388
Later than 2 years and not later than 5 years	738	738
	<u>1,461</u>	<u>1,795</u>

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 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 31 December 2014 RM'000	Current period to-date ended 31 December 2014 RM'000	Preceding year corresponding period ended 31 December 2013 RM'000	Variance for Period-to- date [Favorable / (adverse)] RM'000
Facilities	17,876	35,207	29,760	5,447
Environment	8,878	16,627	7,985	8,642
Engineering	4,054	11,134	12,302	(1,168)

Segment profit/(loss)	Current quarter ended 31 December 2014 RM'000	Current period to-date ended 31 December 2014 RM'000	Preceding year corresponding period ended 31 December 2013 RM'000	Variance for period-to- date [Favorable / (adverse)] RM'000
Facilities	1,816	3,169	3,476	(307)
Environment	5,395	7,479	(1,914)	9,393
Engineering	(64)	652	495	157

14.1 Facilities Division

This Division registered a pre-tax profit of RM3.2 million for the current period to-date which was RM0.3 million lower as compared to the corresponding period last year principally due to higher operating expenses incurred in the current period to-date.

14.2 Environment Division

The Environment Division recorded a pre-tax profit of RM7.5 million for the current period to-date as compared to a pre-tax loss of RM1.9 million in the corresponding period last year primarily due to the higher project income and reversal of allowance for impairment losses during the current period to-date.

14.3 Engineering Division

Pre-tax earnings of the Engineering Division for the current period to-date were higher by RM0.2 million against the corresponding period last year principally due to lower operating expenses incurred by the Malaysian arm of the Engineering Division i.e. M & C Engineering and Trading Sdn Bhd for the current period to-date.

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**EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2014**

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

	Current quarter ended 31 December 2014 RM'000	Preceding quarter ended 30 September 2014 RM'000	Variance [Favorable / (adverse)] RM'000
Profit before taxation	5,270	3,860	1,410

The Group registered a profit before taxation of RM5.3 million for the current quarter as compared to profit before taxation of RM3.9 million in the immediate preceding quarter principally due to higher 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 SECOND QUARTER ENDED 31 DECEMBER 2014**

17. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable.

18. INCOME TAX EXPENSE

	Current quarter ended 31 December 2014 RM'000	Period to date ended 31 December 2014 RM'000
Income tax expense for the period	267	729

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 2014 RM'000	As at 30 June 2014 RM'000
Secured short-term borrowings:		
Term loan	558	809
Hire purchase payables	393	269
Total short-term borrowings	951	1,078
Secured long-term borrowings:		
Term loan	1,154	1,154
Hire purchase payables	517	779
Total borrowings	2,622	3,011

All of the above borrowings are denominated in Ringgit Malaysia except for RM122,063 (2014: RM160,554) 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 2014**

21. MATERIAL LITIGATION

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

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 31 December 2014	Period to date ended 31 December 2014
Profit attributable to owners of the company (RM'000)	2,502	5,011
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	225,352	225,352
Basic earnings per share (sen)	1.11	2.22

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 2014

24. REALISED AND UNREALISED PROFITS/LOSSES

	As at 31 December 2014 RM'000
Total retained profits / (accumulated losses) of the Company and its subsidiaries:	
- Realised	49,744
- Unrealised	1,792
	51,536
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	-
	51,536
Less: Consolidation adjustments	(44,505)
Total group retained profit / (accumulated losses) as per consolidated accounts	7,031

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 2014 is stated after charging / (crediting) the following items:

	Current quarter ended 31 December 2014 RM'000	Period to date ended 31 December 2014 RM'000
Interest income	(172)	(265)
Other (income)/expenses	(2,878)	(3,688)
Interest expense	132	270
Depreciation and amortisation	407	795
Provision for and write off of receivables	9	18
Provision for and write off of inventories	15	30
(Gain)/loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange (gain)/ loss	(149)	(11)
(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 17 February 2015.