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Computers	3 years
Furniture & fittings	5 years
Motor vehicles	5 – 7 years
Office equipment	5 years
Renovation	5 years

(e) Inventories

Inventories consist of thermostats, actuators, valves and electrodes.

Inventories are stated at the lower of cost and net realisable value. In general, cost is determined on a weighted average basis and includes all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow-moving and defective inventories.

(f) Trade and other receivables

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(g) Trade and other creditors

Trade and other creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Payables to related parties are carried at cost.

(h) Provisions

Provisions are recognised when the Company has a obligation (legal or constructive) as a result of a past event, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(i) Contract work-in-progress

Contract work-in-progress are stated at costs and include all direct material and labour costs and those indirect costs related to contract performance, such as indirect labour, supplies and tools repair costs.

(j) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

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i) Sales
Revenue is recognised upon the passing of title to the customer which generally coincides with delivery and acceptance of the goods sold.

ii) Contract income
Revenue is recognised by reference to the percentage completion.

iii) Interest
Interest from fixed deposits is taken up in the financial statements as income on receipt basis.

(k) Currency conversion and translation

Foreign currency assets and liabilities are converted to Singapore dollars at the rates of exchange ruling at the balance sheet date. Foreign currency transactions during the year are converted into Singapore dollars at the rates of exchange ruling on the transaction dates. Differences on exchange are included in the income statement.

(l) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank and deposits with banks or financial institutions.

4.2 PLANT AND EQUIPMENT

	Motor vehicles SGD'000	Office equipment SGD'000	Furniture & fittings and renovation SGD'000	Computers SGD'000	Total SGD'000
Cost					
At 1 January 2003	47	53	20	91	211
Additions	-	-	-	3	3
Disposals	-	(1)	-	(1)	(2)
At 31 March 2003	47	52	20	93	212
Accumulated Depreciation					
At 1 January 2003	47	39	15	79	180
Charge for the year	-	2	-	3	5
Disposals	-	(1)	-	(1)	(2)
At 31 March 2003	47	40	15	81	183
Net Book Value	-	12	5	12	29

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4.3 INVENTORIES

	31.3.2003 SGD'000
Inventories, at cost	791
Contract works-in-progress	107
	898

Contract work-in-progress are costs incurred plus profits recognised (less losses) to date less progress billings.

4.4 TRADE RECEIVABLES

	31.3.2003 SGD'000
Trade receivables	1,536
Less: Provision for doubtful debts	(86)
	1,450

The Company's normal trade credit terms ranges from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

4.5 OTHER RECEIVABLES

	31.3.2003 SGD'000
Sundry deposits	12
Other debtors	36
Prepayments	14
	62

4.6 FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits are pledged with the bank for the letter of credit facilities granted for up to SGD100,000.

The weighted average interest rate during the financial year was 0.87% and its average maturities of deposit as at 31 March 2003 was 365 days.

4.7 TRADE PAYABLES

The normal trade credit term granted to the Company ranges from 60 to 90 days.

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4.8 AMOUNT DUE TO HOLDING COMPANY

The amounts due to holding Company are unsecured, interest-free, and have no fixed term of repayment.

The Company is a subsidiary of M&C Engineering and Trading Sdn. Bhd., a company incorporated in Malaysia, which owns 51% of the issued share capital of the Company.

4.9 SHARE CAPITAL

	31.3.2003 SGD'000
Authorised	
1,000,000 ordinary shares of SGD1 each	1,000
Issued and fully paid	
500,000 ordinary shares of SGD1 each	500

4.10 DEFERRED TAXATION

	31.3.2003 SGD'000
At 1 January	3
Transfer to Income Statement	(1)
At 31 March	2

The components of deferred tax liabilities is as follows:

	31.3.2003 SGD'000
Differences in depreciation	5
Others	(3)
Net deferred tax liabilities	2

4.11 FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are interest rate, market, liquidity, foreign currency and credit risks. The policies for managing each of these risks are summarised below. As at 31 March 2003, the Company does not hold or issue derivative financial instruments for trading purposes.

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The Company does not have any written risk management policies and guidelines which set out its tolerance for risk and its general risk management philosophy, but management closely monitors the Company's business risk exposures in connection with its financial assets and financial liabilities and adopts the appropriate measures including the use of other financial instruments when considered necessary to reduce any potential financial risk exposures or losses.

(i) Interest Rate Risk

The Company places surplus funds with reputable banks to generate interest income for the Company. The Company manages its interest rate risk by placing such balances on varying maturities and interest rate terms.

(ii) Liquidity Risk

The Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

(iii) Credit Risk

The carrying amount of cash and cash equivalents, trade and other debtors represent the Company's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

(iv) Foreign Currency Risk

The Company does not enter into derivative foreign exchange contracts to hedge its foreign currency risk. It is the Company's policy not to trade in derivative contracts. The Company is primarily exposed to fluctuations in United States Dollars, Swedish Kronor and Swiss Franc exchange rates arising from cash flows from anticipated transactions. The Company reviews periodically foreign currencies monetary assets and liabilities held in currencies other than the Singapore Dollars to ensure that net exposure is kept at an acceptable level.

(v) Fair Values

The Carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the accounting policies disclosed in Note 4.1 to the financial statements.

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5.0 STATEMENT OF CASH FLOW FOR THE THREE (3) MONTHS PERIOD ENDED 31 MARCH 2003

	SGD'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	40
Adjustment for:	
Depreciation	5
Operating profit before working capital changes	45
Increase in inventories and works-in-progress	(165)
Decrease in receivables	378
Decrease in amount due to holding company	(200)
Decrease in payables	(91)
Cash flow used in operations	(33)
Tax paid	(7)
Net cash used in operating activities	(40)
CASH FLOWS FROM INVESTING ACTIVITY	
Purchase of property, plant and equipment, representing net cash used in investing activity	(3)
Net decrease in cash and cash equivalents	(43)
Cash and cash equivalents at 1 January	729
Cash and cash equivalents at 31 March	686
Cash and cash equivalents comprise:	
Cash and bank balances	576
Fixed deposits with licensed banks	110
	686

6.0 AUDITED FINANCIAL STATEMENTS

No audited financial statements of M&C(S) have been prepared in respect of any period subsequent to 31 March 2003 as at the date of this report.

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G. INFORMATION ON AWSB

1.0 SUMMARISED RESULTS OF AWSB

We set out below the summarised results of AWSB based on the audited financial statements for the last five (5) financial years ended 31 January 2003, as follows:

	<----Year ended 31 January---->				
	1999	2000	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	9,778	15,684	23,443	24,341	24,922
Cost of services rendered	(5,413)	(11,817)	(17,073)	(17,120)	(18,006)
Gross profit	4,365	3,867	6,370	7,221	6,916
Other income	25	40	585	515	549
Operating expenses	(641)	(1,426)	(1,059)	(1,250)	(992)
Profit before depreciation, interest and taxation	3,749	2,481	5,896	6,486	6,473
Interest expense	(18)	(42)	(205)	(452)	(365)
Depreciation	(20)	(108)	(1,101)	(1,431)	(1,026)
Profit before taxation	3,711	2,331	4,590	4,603	5,082
Taxation	(9)	(726)	(1,312)	(1,279)	(1,504)
Profit after taxation	3,702	1,605	3,278	3,324	3,578
(Accumulated loss)/ retained profits brought forward	(1)	701	2,306	4,984	8,308
Dividends	(3,000)	-	(600)	-	(648)
Retained profits carried forward	701	2,306	4,984	8,308	11,238
Weighted average number of ordinary shares in issue	3,000	3,000	3,000	3,000	3,000
Gross earnings per share (RM)	1.24	0.78	1.53	1.53	1.69
Net earnings per share (RM)	1.23	0.53	1.09	1.11	1.19
Gross dividend rate (%)	100.0*	-	20.0*	-	30.0

* tax exempt dividend

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Notes:

(1) AWSB provides management, maintenance, upkeep and support services to the Federal Government's common user buildings in Southern Zone of Peninsular Malaysia and Sarawak Zone. The increase in revenue for 2000 as compared to 1999 were mainly due to 2000 being AWSB's first full year of operations. In 2001 to 2003, the increase in revenue was attributable to additional contracts secured under the privatisation project.

(2) In 2000, gross profit margin declined from 45% in the previous year to 25%, principally due to the increase in cost of services such as electricity, repair and maintenance, cleaning expenses and salary related expenses. From 2000 to 2003, the gross profit margins were fairly consistent with fluctuation around 2% to 3% per year.

(3) Other income mainly related to interest income on short term repo placements and fixed deposits with licensed banks. The increases in other income in 2001 to 2003 were mainly attributable to rental income derived from the renting of the Contract Maintenance Information System ("CMIS"), an in-house developed software, and consulting fees charged on AWFM for servicing of air-conditioners for its customers.

(4) There was no tax charge for 1999 as the amount payable was waived in accordance with the provisions of Income Tax (Amendment) Act, 1999. The effective tax rate in 2000, 2001 and 2003 were higher than the statutory tax rate due to certain expenses being disallowed for taxation purposes. However, in 2002, the effective tax rate was lower than the statutory rate due to certain expenses were entitled for double deduction for taxation purposes.

(5) There was no dividend declared or paid during the financial years under review except for 1999 and 2001, where AWSB declared and paid the following dividends:

(a) a tax exempt interim dividend of 100.0% amounted to RM3,000,000 in 1999; and
(b) an interim tax exempt dividend of 20.0% amounted to RM600,000 in 2001.

In respect of year 2003, AWSB declared a final dividend of 30% less 28% taxation amounting to RM648,000 on 19 December 2002.

(6) There were no extraordinary or exceptional items in the financial years under review.

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2.0 SUMMARISED BALANCE SHEETS OF AWSB

We set out below the summarised balance sheets of AWSB based on the audited financial statements as at 31 January 1999 to 2003 as follows:

	<----------As at 31 January---------->				
	1999	2000	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant & equipment	714	2,239	10,764	11,013	11,516
Other investments	-	-	-	30	3,934
	714	2,239	10,764	11,043	15,450
CURRENT ASSETS					
Inventories	-	-	122	135	183
Trade receivables	461	1,364	2,111	2,565	6,550
Other receivables	944	881	1,185	1,431	2,947
Due from directors	4,191	4,818	-	-	-
Cash and bank balances	80	2,038	5,535	1,370	395
Fixed deposits with licensed banks	1,800	870	400	3,549	926
	7,476	9,971	9,353	9,050	11,001
CURRENT LIABILITIES					
Short term borrowings	6	46	2,244	2,517	3,366
Trade payables	1,138	2,053	4,469	3,056	3,593
Other payables	297	784	357	589	453
Dividend payable	3,000	3,000	-	-	648
Taxation	-	711	707	113	-
	4,441	6,594	7,777	6,275	8,060
NET CURRENT ASSETS	3,035	3,377	1,576	2,775	2,941
	3,749	5,616	12,340	13,818	18,391
FINANCED BY:					
Share capital	3,000	3,000	3,000	3,000	3,000
Retained profits	701	2,306	4,984	8,308	11,238
Shareholders' equity	3,701	5,306	7,984	11,308	14,238
Long term borrowings	39	286	3,656	1,580	2,420
Deferred taxation	9	24	700	930	1,733
Non-current liabilities	48	310	4,356	2,510	4,153
	3,749	5,616	12,340	13,818	18,391
Net Tangible Assets per ordinary share (RM)	1.23	1.77	2.66	3.77	4.75

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Notes:

(1) The increase in property, plant and equipment in 2001 mainly related to the acquisition of a 7 floors shop lot located at Subang Jaya, Selangor, and the related improvement and renovation costs incurred.

(2) In 2003, the increase in other investment was due to the acquisition of 300,000 ordinary shares of RM1 each, representing 15% equity interest in M&C Engineering and Trading Sdn. Bhd., a private limited company incorporated in Malaysia, for a consideration of RM3,904,406 financed partially by cash and by term loan arrangement.

(3) The Federal Government is AWSB's sole trade receivables. In 2003, the increase in trade receivables by 155% as compared to the prior years was due to slower processing of payment by the Government in that year.

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3.0 STATEMENT OF ASSETS AND LIABILITIES OF AWSB AS AT 31 JANUARY 2003

The following statement of assets and liabilities is based on the audited financial statements of AWSB as at 31 January 2003 and should be read in conjunction with the notes thereon:

	Note	RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	4.2	11,516
Other investments, at cost	4.3	3,934
		15,450
CURRENT ASSETS		
Inventories		183
Trade receivables	4.4	6,550
Other receivables	4.5	2,947
Cash and bank balances		395
Fixed deposits with a licensed bank	4.6	926
		11,001
CURRENT LIABILITIES		
Short term borrowings (secured)	4.7	3,366
Trade payables	4.9	3,593
Other payables	4.10	453
Dividend payable		648
		8,060
NET CURRENT ASSETS		2,941
		18,391
FINANCED BY:		
Share capital	4.11	3,000
Retained profits	4.12	11,238
Shareholder's equity		14,238
Long term borrowings	4.7	2,420
Deferred taxation	4.13	1,733
Non-current liabilities		4,153
		18,391

Note : Statement of Changes in Equity is not separately presented as there is no major movement in reserves other than those disclosed in this Report.

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4.0 NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

4.1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

(b) Revenue recognition

Revenue from services rendered is recognised as and when the services are performed, net of service tax and discounts.

(c) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.1 (i).

Capital in progress are not depreciated. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to their residual value over the estimated useful life at the following annual rates:

Building	2%
Furniture and fittings	8%
Office equipment	10%
Renovation	10%
Motor vehicles, machinery and equipment	20%
Building improvement	12.50%
Computer equipment and software	10% - 50%

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

(d) Inventories

Inventories comprising office appliances, maintenance spares and chemicals trees (determined on a first-in, first -out basis) are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(e) Deferred taxation

The tax expense for the year is based on the profit for the year, as adjusted for tax purposes, together with a charge or credit for deferred taxation.

Deferred taxation is provided for using the liability method for all timing differences except when there is reasonable evidence that these timing differences will not reverse in the foreseeable future. Deferred tax benefits are only recognised when there is a reasonable expectation of realisation in the near future.

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(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investment which have an insignificant risk of changes in values, net of outstanding bank overdrafts.

(g) Finance lease and hire purchase

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incident to ownership. All other leases are classified as operating leases.

Assets acquired by way of hire purchase or finance leases are stated at any amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment described in Note 4.1(c).

(h) Provisions for Liabilities

Provisions for liabilities are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(i) Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its assets, other than inventories, deferred tax assets and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(j) Financial Instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Other Non-Current Investments

Non-current investments other than investments in subsidiaries, associates, jointly controlled entities and investment properties are stated at cost less provision for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period which the decline occurred.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition of plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(v) Equity Instruments

Ordinary shares are classified as equity. The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided. Costs of issuing equity securities in connection with a business combination are included in the cost of acquisition.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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4.2 PROPERTY, PLANT AND EQUIPMENT

Cost	Buildings RM'000	Buildings improvement and renovation RM'000	Computer equipment and software RM'000	Machinery and equipment RM'000	Furniture, fittings, office equipment and motor vehicles RM'000	Capital in progress RM'000	Total RM'000
At 1 February 2002	3,524	4,431	2,675	88	2,763	190	13,671
Additions	-	571	377	76	289	217	1,530
Transfers	-	245	-	-	-	(245)	-
At 31 January 2003	3,524	5,247	3,052	164	3,052	162	15,201
Accumulated Depreciation							
At 1 February 2002	94	1,015	932	37	580	-	2,658
Charge for the year	70	656	596	25	356	-	1,703
Adjustment	-	-	(676)	-	-	-	(676)
At 31 January 2003	164	1,671	852	62	936	-	3,685
Net Book Value	3,360	3,576	2,200	102	2,116	162	11,516

(a) Included in property, plant and equipment of the Company are motor vehicles and computer equipment and software with net book values of RM291,236 and RM173,450 respectively, held under hire purchase.

(b) The buildings have been pledged to a bank for banking facilities granted to the Company as disclosed in Note 4.7 (d).

(c) Included in property, plant and equipment of the Company are fully depreciated assets which are still in use costing RM140,737.

(d) During the financial year, the Company acquired property, plant and equipment with an aggregate cost of RM1,529,475 of which RM328,450 was acquired by means of hire-purchase and term loan. Cash payments of RM1,201,025 were made to purchase these property, plant and equipment.

4.3 OTHER INVESTMENTS, AT COST

	2003 RM'000
Investment in unquoted shares (Note a)	3,916
Investment in golf club membership (Note b)	18
	3,934

(a) The investments in unquoted shares have been pledged to a bank for banking facilities granted to the Company, as disclosed in Note 4.7 (e).

(b) These represent transferable golf club memberships and are stated at cost and held in trust by a director, Dato' Ahmad Kabeer Bin Mohamed Nagoor.

4.4 TRADE RECEIVABLES

The Company's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on case-by-case basis.

The total revenue of the Company for the financial year was solely contributed by a single customer. As such, the Company has significant exposure to this customer, which constituted 99% of the trade receivables as at 31 January 2003.

4.5 OTHER RECEIVABLES

	2003 RM'000
Sundry receivables	1,405
Staff loans	684
Deposits	310
Prepayments	548
	2,947

Staff loans represent housing, vehicles, computers and handphone loans granted to the employees of the Company. The loans are unsecured, charged an interest of 4.0% per annum and repayment is made through the deduction of the employees' monthly salaries.

Included in sundry receivables are amounts of RM1,178,143 due from AW Facility Management Sdn. Bhd. and RM177,411 due from AWC Facility Solutions Bhd., both are companies in which a director, i.e. Dato' Ahmad Kabeer bin Mohamed Nagoor has an interest.

4.6 FIXED DEPOSITS WITH A LICENSED BANK

The interest rates during the financial year and the maturities of deposits as at 31 January 2003 were as follows:

	Interest Rates %	Maturities Days
Deposits with a licensed bank		
Fixed deposits	3.2 - 4.0	90 - 365

Certain fixed deposits have been pledged to the bank for banking facilities granted to the Company, as disclosed in Note 4.7 (a).

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4.7 BORROWINGS (SECURED)

	2003 RM'000
Short Term Borrowings	
Bank overdrafts	1,275
Term loans due within 12 months	1,928
Hire Purchase (Note 4.8)	163
	3,366
Long Term Borrowings	
Term loans due after 12 months	2,133
Hire purchase (Note 4.8)	287
	2,420
Total Borrowings	
Bank overdrafts	1,275
Term loans	4,061
Hire purchase (Note 4.8)	450
	5,786
Maturity of borrowings (excluding hire purchase payables)	
Within 1 year	3,203
More than 1 year and less than 2 years	800
More than 2 years and less than 5 years	1,333
	5,336

(i) The effective interest rates during the financial year for borrowings, excluding hire purchase payables are as follows:

	%
Bank overdrafts	7.90 – 8.40
Term loans	7.65 – 8.40

(ii) The term loans and bank overdrafts are secured by the followings:

(a) Lien on fixed deposit of at least RM875,000 and accumulation of interest thereon as disclosed in Note 4.6.

(b) Legal Deed of Assignment on the proceeds from contracts awarded by the Ministry of Works as follows:

		Date of Agreement
Contract 1:	Building maintenance support services for government buildings (Southern Zone & Sarawak Zone)	19.03.98
Contract 2:	Building maintenance support services to the Customs and Immigration Quarantine Complex, or Sultan Abu Bakar Complex	17.12.99

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(c) Personal guarantee from a director, Dato' Ahmad Kabeer bin Mohamed Nagoor for RM8,900,000.

(d) Building of the Company as disclosed in Note 4.2 (b).

(e) Investment in unquoted shares of a company as disclosed in Note 4.3.

4.8 HIRE PURCHASE PAYABLES

	2003 RM'000
Future minimum payments:	
Not later than 1 year	200
Later than 1 year and not later than 2 years	180
Later than 2 years and not later than 5 years	134
	514
Less: Future finance charges	(64)
Present value of hire purchase liabilities	450
Present value of hire purchase liabilities:	
Not later than 1 year	163
Later than 1 year and not later than 2 years	162
Later than 2 years and not later than 5 years	125
	450
Representing hire purchase payables:	
Due within 12 months (Note 4.7)	163
Due after 12 months (Note 4.7)	287
	450

The hire purchase bears interest at rates ranging from 3.9% to 9.0% per annum.

4.9 TRADE PAYABLES

Included in trade payables is an amount of RM1,505,465 due to AWFM, a company in which a director, Dato' Ahmad Kabeer bin Mohamed Nagoor has an interest.

The normal trade credit term granted to the Company ranges from 30 to 60 days.

4.10 OTHER PAYABLES

	2003 RM'000
Sundry payables	192
Accruals	261
	453

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4.11 SHARE CAPITAL

	2003 RM'000
Authorised :	
5,000,000 ordinary shares of RM1 each	5,000
Issued and fully paid :	
3,000,000 ordinary shares of RM1 each	3,000

4.12 RETAINED PROFITS

The Company has tax exempt profits available for distribution of approximately RM3,054,000, subject to agreement with the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained profits as at 31 January 2003.

4.13 DEFERRED TAXATION

	2003 RM'000
At 1 February 2002	930
Transfer to income statement	803
At 31 January 2003	1,733

The deferred taxation is in respect of the timing difference between depreciation and the corresponding capital allowances.

4.14 SIGNIFICANT RELATED PARTY TRANSACTIONS

	2003 RM'000
AW Facility Management Sdn. Bhd .("AWFM"), a company in which a director, Dato' Ahmad Kabeer bin Mohamed Nagoor has an interest:	
Central Maintenance Information System (CMIS) charged to AWFM	360
Air-conditioner sub-contract fees charged to AWFM	174
Sub-contract maintenance fee charged by AWFM	(5,963)
Facility management charges charged by AWFM	(585)

The directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

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4.15 COMMITMENTS

The Company has approved and contracted commitments related to acquisition of property, plant and equipment amounted to RM1,961,010.

4.16 SIGNIFICANT EVENT

On 29 November 2002, the Company participated in a public auction and purchased seven (7) parcels of shop lot with vacant possession and distinguished as Parcel 25-1 Level 1, 25-2 Level 2, 25-3 Level 3, 25-3A Level 4, 25-5 Level 5, 25-6 Level 6 and 25-7 Level 7 respectively, all in Block S25 at a commercial complex known as Subang Business Centre, Subang Jaya, for a total consideration of RM2,178,900, of which RM217,890 was paid during the year by way of a deposit.

4.17 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its interest rate, liquidity and credit risks. The Company operates within clearly defined guidelines, and the policy is to not engage in speculative transactions.

(b) Interest rate risk

The Company's primary interest rate risk relates to interest-bearing debt, as the Company has no substantial long-term interest-bearing assets as at 31 January 2003. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in short term deposits which yield better returns than cash at bank.

(c) Liquidity risk

The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding assets are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Company strives to maintain available banking facilities of a reasonable level to its overall debts position. As far as possible, the Company raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(d) Credit risk

The Company is exposed to an individual customer or counter party risk. However, the risk is mitigated by the existence of long term contractual obligations, i.e. the privitisation agreements with the customer.

(e) Fair values

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheet of the Company, are as follows:

	Carrying amount RM'000	Fair value RM'000
Financial assets		
Unquoted shares (Note 4.3)	3,916	*
Golf club membership	18	*
Financial liability		
Hire purchase payables	314	274
Term loans	2,133	1,695

* It is not practical to estimate the fair value of the non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Company believes that the carrying value represents the recoverable values.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and cash equivalents, trade and other receivables/payables and short term borrowings:

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Borrowings

The fair value of borrowings is estimated using discounted cash flow analysis, based on current incremental borrowing rates for similar types of borrowing arrangements.

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5.0 STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 JANUARY 2003

	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	5,082
Adjustment for:	
Depreciation	1,026
Dividend income	(65)
Interest expense	365
Interest income	(36)
Operating profit before working capital changes	6,372
Increase in receivables	(5,218)
Increase in payables	401
Increase in inventories	(48)
Cash flow generated from operations	1,507
Tax paid	(1,097)
Interest paid	(365)
Net cash generated from operating activities	45
CASH FLOWS FROM INVESTING ACTIVITIES	
Dividend received	65
Interest received	36
Purchase of property, plant and equipment	(1,201)
Purchase of other investments	(3,904)
Net cash used in investing activities	(5,004)
CASH FLOWS FROM FINANCING ACTIVITIES	
Draw down of term loan	2,400
Repayment of term loan	(2,127)
Draw down of hire purchase payables	(104)
Net cash generated from financing activities	169
Net decrease in cash and cash equivalents	(4,790)
Cash and cash equivalents at 1 February 2002	4,836
Cash and cash equivalents at 31 January 2003	46
Cash and cash equivalents comprise:	
Cash and bank balances	395
Fixed deposits with a licensed bank	926
Bank overdrafts (Note 4.7)	(1,275)
	46

6.0 AUDITED FINANCIAL STATEMENTS

No audited financial statements of AWSB have been prepared in respect of any period subsequent to 31 January 2003 as at the date of this report.

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H. INFORMATION ON AWFM

1.0 SUMMARISED RESULTS OF AWFM

We set out below the summarised results of AWFM based on the audited financial statements for the last four (4) financial period/years ended 31 December 2002 and three (3) months financial period ended 31 March 2003, as follows:

	Period ended 31 December 1999* RM'000	<----Year ended 31 December------> 2000 RM'000	2001 RM'000	2002 RM'000	3 months to 31.3.2003 RM'000
Revenue	2,696	6,702	7,381	9,063	2,529
Cost of services rendered	(1,625)	(5,275)	(5,864)	(7,249)	(2,025)
Gross profit	1,071	1,427	1,517	1,814	504
Other income	-	-	2	9	1
Operating expenses	(77)	(263)	(216)	(290)	(66)
Profit before depreciation and interest	994	1,164	1,303	1,533	439
Interest expenses	-	(6)	(8)	(28)	(7)
Depreciation	(1)	(67)	(94)	(209)	(71)
Profit before taxation	993	1,091	1,201	1,296	361
Taxation	(1)	(316)	(338)	(374)	(101)
Profit after taxation	992	775	863	922	260
Retained profits brought forward	-	992	958	621	1,543
Profits available for appropriation	992	1,767	1,821	1,543	1,803
Dividends	-	(810)	(1,200)	-	(216)
Retained profits carried forward	992	957	621	1,543	1,587
Weighted average number of ordinary shares in issue	300	450	600	600	600
Gross earnings per share (RM)	3.31	2.43	2.00	2.16	0.60
Net earnings per share (RM)	3.31	1.72	1.44	1.54	0.43
Gross dividend rate (%)	-	135.0	277.8	-	50.0

* For the 16 month period beginning 19 September 1998 (date of incorporation) to 31 December 1999.

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Notes:

(1) AWFM experienced gradual growth in revenue in 2000 to 2002 due to maintenance service contracts secured from AWSB.

(2) The decrease in gross profit margin in 2000 to 21% as compared to 1999 of 40% was due to lower margin earned from new contracted cleaning and maintenance services obtained in that year. In 2001 and 2002, the gross profit margin remained fairly consistent with the year 2000, as the margin from new projects obtained were approximated to that in 2000.

(3) There was no tax charge for 1999 as the amount payable was waived in accordance with the provisions of Income Tax (Amendment) Act, 1999. The effective tax rates in 2000 to 2002 were higher than the statutory tax rate due to certain expenses being disallowed for taxation purposes. However, in 31 March 2003, the effective tax rate was lower than the statutory rate as the revised legislation allows the Company's first RM100,000 chargeable income to be taxed at 20% instead of 28% with effective from the assessment year 2003.

(4) There were no exceptional items in the financial period/years under review.

(5) In 2000, AWFM declared and paid an interim tax exempt dividend of 135% of RM810,000. While in 2001, AWFM declared and paid a first and final dividend of 236.11% less 28% taxation of RM1,020,000, and tax exempt dividend of 30% of RM180,000. AWFM declared and paid the final dividend of 50% less 28% taxation of RM216,000 during the financial period ended 31 March 2003 in respect of the financial year ended 31 December 2003.

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2.0 SUMMARISED BALANCE SHEETS OF AWFM

We set out below the summarised balance sheets of AWFM based on the audited financial statements as at 31 December 1999 to 2002 and 31 March 2003, as follows:

	<------31 December			------>	31 March
	1999	2000	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSET					
Plant & equipment	4	266	429	975	971
CURRENT ASSETS					
Inventories	-	-	155	199	230
Trade receivables	1,031	2,580	2,722	1,299	1,186
Other receivables and prepayments	36	53	71	210	205
Tax recoverable	-	-	-	578	573
Due from a director	275	-	-	-	-
Cash and bank balances	21	145	140	144	223
Fixed deposits with a licensed bank	-	-	60	103	103
	1,363	2,778	3,148	2,533	2,520
CURRENT LIABILITIES					
Hire purchase payables	-	20	53	83	78
Trade payables	64	640	513	760	714
Other payables	10	449	387	242	257
Dividend payable	-	-	1,200	-	-
Taxation	-	308	84	-	-
	74	1,417	2,237	1,085	1,049
NET CURRENT ASSETS	1,289	1,361	911	1,448	1,471
	1,293	1,627	1,340	2,423	2,442
FINANCED BY:					
Share capital	300	600	600	600	600
Retained profits	992	957	621	1,543	1,587
Shareholders' equity	1,292	1,557	1,221	2,143	2,187
Hire-purchase payable	-	61	98	205	184
Deferred taxation	1	9	21	75	71
Non current liabilities	1	70	119	280	255
	1,293	1,627	1,340	2,423	2,442
Net tangible assets per ordinary share (RM)	4.31	2.60	2.04	3.57	3.65

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3.0 STATEMENT OF ASSETS AND LIABILITIES OF AWFM AS AT 31 MARCH 2003

The following statement of assets and liabilities is based on the audited financial statements of AWFM as at 31 March 2003 and should be read in conjunction with the notes thereon:

	Note	RM'000
NON-CURRENT ASSET		
Plant and equipment	4.2	971
CURRENT ASSETS		
Inventories		230
Trade receivables	4.3	1,186
Other receivables and prepayments	4.4	205
Tax recoverable		573
Cash and bank balances		223
Fixed deposits with a licensed bank	4.5	103
		2,520
CURRENT LIABILITIES		
Hire purchase payables	4.6	78
Trade payables	4.7	714
Other payables		257
		1,049
NET CURRENT ASSETS		1,471
		2,442
FINANCED BY:		
Share capital	4.8	600
Retained profits	4.9	1,587
Shareholder's equity		2,187
Hire purchase payable	4.8	184
Deferred taxation	4.10	71
Non-current liabilities		255
		2,442

Note : Statement of Changes in Equity is not separately presented as there is no major movement in reserves other than those disclosed in this Report.

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4.0 NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

4.1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act 1965 and applicable Approved Accounting Standards in Malaysia.

(b) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of revenue can be measured reliably.

Revenue from facility management services is recognised as and when the services are performed, net of service tax and discounts.

(c) Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The carrying amounts of plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised in the income statement whenever the carrying amount of an item of plant and equipment exceeds its recoverable amount.

Depreciation is provided on a straight-line basis to write off the cost of the plant and equipment over their estimated useful lives, which are as follows:-

Computer	20%
Furniture and office equipment	20%
Machinery and equipment	20%
Motor vehicles	20%
Renovation	20%

(d) Trade and other receivables

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(e) Inventories

Inventories are stated at the lower of cost (determined on a first-in, first-out basis) and net realisable value.

Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for costs of realisation.

(f) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Prior to the adoption of MASB 25 Income Taxes on 1 January 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

(g) Cash and cash equivalents

Cash and cash equivalents represent cash in hand and at bank, and fixed deposits with financial institutions.

(h) Finance lease and hire purchase

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incident to ownership.

Assets acquired by way of hire purchase or finance leases are stated at any amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

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The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment described in Note 4.1(c).

(i) Financial instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. The particular recognition method adopted for financial instruments recognised in the balance sheet is disclosed in the individual accounting policies associated with each item.

(j) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services rendered.

(k) Equity instruments

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction, net of tax in equity from the proceeds.

Dividends in ordinary shares are recognised in equity in the period in which they are declared.

4.2 PLANT AND EQUIPMENT

	Computer RM'000	Furniture and office equipment RM'000	Machinery and equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Costs						
At 1 January 2003	359	66	434	480	6	1,345
Additions	10	8	-	10	39	67
At 31 March 2003	369	74	434	490	45	1,412
Accumulated Depreciation						
At 1 January 2003	42	13	162	151	2	370
Charge for the year	19	4	22	24	2	71
At 31 March 2003	61	17	184	175	4	441
Net Book Value	308	57	250	315	41	971

Net book values of plant and equipment held under hire purchase arrangements are as follows:

	31.3.2003 RM'000
Motor vehicle	242
Machinery and equipment	92

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4.3 TRADE RECEIVABLES

The Company's credit period granted to customers of maintenance services is 90 days.

4.4 OTHER RECEIVABLES AND PREPAYMENTS

Included is interest receivable on fixed deposit of RM3,372.

4.5 FIXED DEPOSITS WITH A LICENSED BANK

The fixed deposits are pledged to the bank for banking facilities granted to the Company.

The weighted average interest rate during the financial year ranges from 4 to 4.25% and the average maturities of deposit as at 31 March 2003 was 183 days.

4.6 HIRE PURCHASE PAYABLES

	31.3.2003 RM'000
Future minimum payments:	
Not later than 1 year	104
Later than 1 year and not later than 2 years	73
Later than 2 years and not later than 5 years	118
Later than 5 years	33
	328
Interest in suspense	(66)
Present value of hire purchase payables	262
Present value of liabilities	
Not later than 1 year	78
Later than 1 year and not later than 2 years	53
Later than 2 years and not later than 5 years	99
Later than 5 years	32
Present value of hire purchase payables	262
Analysed as :	
Due within 12 months	78
Due after 12 months	184
	262

The hire purchase bore interest during the period of between 4.5% to 6.9% per annum.

4.7 TRADE PAYABLES

The normal trade credit period granted to the Company is at 60 days.