

8. FINANCIAL INFORMATION**8.1 Consolidated Profit and Dividend Record**

A summary of the proforma consolidated audited results of the AWC Group for the five(5) financial years ended 31 December 1998 to 2002 and the financial period from 1 January 2003 to 31 March 2003 has been prepared for illustrative purposes only based on the audited financial statements of the AWC Group and the assumption that the current structure of AWC Group has been in existence throughout the period under review:-

	Financial Year Ended					01.01.2003
	31.12.1998	31.12.1999	31.12.2000	31.12.2001	31.12.2002	to 31.03.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	39,171	49,877	69,483	63,250	65,587	14,426
EBIDTA	8,908	7,926	13,745	12,058	12,706	3,158
Interest expense	(62)	(97)	(227)	(459)	(440)	(46)
Interest income	-	-	-	-	-	-
Depreciation & Amortisation	(470)	(617)	(1,602)	(2,003)	(1,586)	(221)
Profit before exceptional items	8,376	7,212	11,916	9,596	10,680	2,891
Exceptional items	-	-	-	-	-	-
Share of profits of associated companies	-	-	-	-	-	-
Profit before taxation	8,376	7,212	11,916	9,596	10,680	2,891
Taxation	(1,209)	(992)	(3,406)	(2,672)	(3,110)	(815)
Profit from ordinary activities	7,167	6,220	8,510	6,924	7,570	2,076
Extraordinary items	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-
Net profit	7,167	6,220	8,510	6,924	7,570	2,076
No. of Shares assumed to be in issue of RM0.50 each ('000)	228,679	228,679	228,679	228,679	228,679	228,679
Gross EPS (RM)	0.04	0.03	0.05	0.04	0.05	^0.07
Net EPS (RM) - Basic	0.03	0.03	0.04	0.03	0.03	^0.05
Net EPS (RM) - Diluted	0.03	0.03	0.04	0.03	0.03	^0.05

^ Annualised to twelve(12) months period.

8.2 Analysis and Commentary on Financial Performance

- (i) The AWC Group's pro forma consolidated financial results have been prepared on a time-apportioned basis and comprise the audited financial statements of AWC and its subsidiaries i.e. M&C(M), M&C(S), AWSB, AWFM, GGLN and KPSB, for the following financial years/periods:-
- audited financial statements of AWC for the financial period from 13 June 2001 (date of incorporation) to 30 June 2002 and financial periods from 1 July 2002 to 31 December 2002 and from 1 January 2003 to 31 March 2003;
 - audited financial statements of M&C(M) for the financial years ended 31 December 1998 to 2002 and financial period from 1 January 2003 to 31 March 2003;
 - audited financial statements of M&C(S) for the financial years ended 31 December 1998 to 2002 and financial period from 1 January 2003 to 31 March 2003;

8. FINANCIAL INFORMATION (Cont'd)

- (d) audited financial statements of AWSB for the financial years ended 31 January 1999 to 2003;
 - (e) audited financial statements of AWFM for the financial period from 19 September 1998 (date of incorporation) to 31 December 1999 and financial years ended 31 December 2000 to 2002 and financial period from 1 January 2003 to 31 March 2003;
 - (f) audited financial statements of GGLN for the financial years ended 31 December 1998 to 2002 and financial period from 1 January 2003 to 31 March 2003; and
 - (g) audited financial statements of KPSB for the financial period from 1 January 1998 to 30 June 1998, financial years ended 30 June 1999 to 2002, financial periods from 1 July 2002 to 31 December 2002 and from 1 January 2003 to 31 March 2003.
- (ii) The above proforma consolidated results have been prepared without the results of TCHB Group as the TCHB Group will be liquidated after the completion of the listing exercise. The non-consolidation of the financial statements of TCHB Group is in compliance with MASB.
 - (iii) The pro forma consolidated results have been prepared based on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of the individual companies.
 - (iv) As M&C(S) was incorporated outside Malaysia, its audited financial results were translated into Malaysian Ringgit based on the exchange rate prevailing as at 31 March 2003 of SGD1.00 : RM2.20.
 - (v) There were no extraordinary or exceptional items for the financial years/periods under review.
 - (vii) Commentary on financial performance:-
 - (a) Revenue recorded for financial year ended 31 December 1998 was mainly contributed from M&C(M) and M&C(S) and AWSB, which secured a concession for the provision of facility management services in March 1998. AWFM was only incorporated in September 1998. Turnover contribution from AWSB improved PBT in view of its higher margins as compared with M&C(M) and M&C(S).
 - (b) Revenue for financial year ended 31 December 1999 and financial year ended 31 December 2000 recorded an improvement with the increase in turnover being contributed mostly from AWSB. However, the decrease in PBT by approximately 14% during the financial year ended 31 December 1999 as compared to 31 December 1998 was mainly due a lower profit margin recorded by AWSB due to increase in cost of services. Subsequently, having controlled the cost of services incurred and the expansion of the provision of its facility management services to a larger number of buildings covered under its Concession resulted in the AWC Group's PBT for the financial year 31 December 2000 increasing by approximately 65%.
 - (c) Revenue for the financial year ended 31 December 2001 dropped by approximately 9% mainly due to a lower revenue contribution from M&C(M) and M&C(S). This resulted in a decreased of 19% to PBT.
 - (d) Revenue for the financial year ended 31 December 2002 increased by 9% mainly due to the increase in contribution from AWFM, GGLN and KPSB. In line with the increase in revenue, PBT increased by approximately 3%.

8. FINANCIAL INFORMATION (Cont'd)**8.3 Directors' Declaration on Financial Performance**

As at 27 July 2003, being the latest practicable date prior to the printing of this Prospectus, the financial conditions and operations of the Company and its Subsidiaries are not affected by any of the following:-

- (i) Known trends, demands, commitments, events or uncertainties that have had or that AWC Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the AWC Group;
- (ii) Material commitment for capital expenditure;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that materially affects the financial performance, position and operations of the AWC Group; and
- (iv) Known events, circumstance, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

8.4 Segmental Analysis of Revenue and PAT of AWC Group

- (i) The analysis of revenue by AWC and its Subsidiaries based on the type of services are as follow:-

	Financial year ended 31 December				
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
AWC	-	-	-	-	-
AWSB	8,963	15,192	22,796	24,266	24,874
AWFM	674	2,022	6,702	7,381	9,063
GGLN	1,104	1,497	3,009	1,384	2,765
Total facility management division	10,741	18,711	32,507	33,031	36,702
M&C(M) & M&C(S)	23,019	21,699	27,577	21,732	19,298
KPSB	5,411	9,467	9,399	8,487	9,587
Total M&E engineering division	28,430	31,166	36,976	30,219	28,885
Total Revenue	39,171	49,877	69,483	63,250	65,587
Less: Consolidation adjustments	-	-	-	-	-
Total Revenue of AWC Group	39,171	49,877	69,483	63,250	65,587

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8. FINANCIAL INFORMATION (Cont'd)

- (ii) The analysis of PAT by AWC and its Subsidiaries based on the type of services are as follow:-

	Financial year ended 31 December				
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
AWC	-	-	-	(9)	(10)
AWSB	3,394	1,780	3,139	3,320	3,557
AWFM	249	743	775	863	922
GGLN	(10)	(24)	2	107	604
Total facility management division	3,633	2,499	3,916	4,290	5,083
M&C(M) & M&C(S)	3,222	3,194	4,255	1,443	781
KPSB	312	527	339	1,200	1,716
Total M&E engineering division	3,534	3,721	4,594	2,643	2,497
Total PAT	7,167	6,220	8,510	6,924	7,570
Less: Consolidation adjustments	-	-	-	-	-
Total PAT of AWC Group	7,167	6,220	8,510	6,924	7,570

8.5 Working Capital, Borrowings and Contingent Liabilities

- **Working Capital**

The directors of AWC are of the opinion that after taking into account the cashflow forecast, banking facilities available and gross proceeds from the Restricted Offer for Subscription and Offer for Subscription, AWC Group will have adequate working capital for its present and foreseeable requirements.

- **Borrowings**

As at 27 July 2003 (being the last practicable date prior to the printing of this Prospectus), the total borrowings of the AWC Group amounted to approximately RM6.25 million comprising RM2.73 million of borrowings due after twelve (12) months and RM3.52 million of borrowings due within twelve (12) months. All the borrowings are interest bearing.

- **Contingent Liabilities and Capital Commitments**

Save as disclosed below, the directors are not aware of any other contingent liabilities of AWC Group:-

- Maintenance bond dated 30 July 2002 in favour and for the benefit of the Government issued by Bumiputra-Commerce Bank Berhad at the request of AWSB as security to guarantee the due performance of the maintenance services provided by AWSB under the Concession within the time period of the Concession for a maximum aggregate liability of RM1,152,642.74. The maintenance bond is effective from 1 June 2002 and is to remain in force until 31 May 2004. In the event the maintenance bond is called upon, AWSB is liable for the said sum.

8. FINANCIAL INFORMATION (Cont'd)

Based on the audited consolidated financial statements of TCHB for the financial year ended 31 December 2002 (being the latest audited financial statements available prior to the printing of this prospectus), there is no contingent liabilities in TCHB Group, which have not been crystallised and addressed under the Corporate and Debt Restructuring Scheme of TCHB and its Scheme Creditors.

As at 27 July 2003 (being the last practicable date prior to the printing of this Prospectus), AWC Group does not have any capital commitments.

8.6 Consolidated Loss Estimate and Profit Forecast and Assumptions

The directors estimate and forecast that, in the absence of unforeseen circumstances, the consolidated loss after taxation for the financial year ended 30 June 2003 and PAT for the financial year ending 30 June 2004 will be approximately:-

	Estimate financial year ended 30.06.2003 RM'000	Forecast financial year ending 30.06.2004 RM'000
Revenue	71,326	95,104
(Loss) / Profit before taxation	^(30,080)	16,198
Goodwill written-off	(51,087)	-
(Loss) / Profit before taxation	(81,167)	16,198
Taxation	-	(4,483)
(Loss) / Profit after taxation before minority interests	(81,167)	11,715
Minority interests	-	-
Profit after taxation after minority interests	(81,167)	11,715
No. of shares in issue ('000)	228,679	228,679
(Gross loss per Share)/EPS (RM)*	(0.35)	0.07
(Net loss per Share)/EPS (RM)*	(0.35)	0.05
Gross PE multiple based on the Restricted Offer for Subscription and Offer for Subscription price of RM0.60 per share (times)	N/A	8.57
Net PE multiple based on the Restricted Offer for Subscription and Offer for Subscription price of RM0.60 per share (times)	N/A	12.00

* Based on enlarged share capital of 228,679,227 Shares.

^ The loss after taxation for the estimate financial year ended 30 June 2003 was the result of the AWC Group's decision to write off the cost of investment in TCHB (which arose from the Share Exchange and Debt Settlement Scheme) against the income statement of AWC and the write-off of goodwill (which arose from the acquisition of the Acquiree Companies). The post acquisition result is nil for the year ended 30 June 2003 as the acquisitions of the subsidiaries were completed on 27 June 2003 during the financial year.

The principal assumptions upon which the consolidated loss estimate and profit forecast has been made are set out in Section 8.7, the Auditors' Letter on the consolidated loss estimate and profit forecast of the AWC Group for the financial year ended 30 June 2003 and the financial year ending 30 June 2004, respectively.

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8. FINANCIAL INFORMATION (Cont'd)

8.7 Auditors' Letter on the Estimate and Forecast Consolidated Financial Results of AWC
(Prepared for inclusion in this Prospectus)



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AUDITORS' LETTER ON THE ESTIMATE AND FORECAST CONSOLIDATED FINANCIAL RESULTS OF AWC FACILITY SOLUTIONS BERHAD

(Prepared for inclusion in the Prospectus of AWC Facility Solutions Berhad to be dated 31 July 2003)

28 July 2003

The Board of Directors
AWC Facility Solutions Berhad
Third Floor, No. 79 (Room A)
Jalan SS 21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

CONSOLIDATED LOSS ESTIMATE AND PROFIT FORECAST FOR THE FINANCIAL YEAR ENDED 30 JUNE 2003 AND FINANCIAL YEAR ENDING 30 JUNE 2004

We have reviewed the accounting policies and the calculations for the consolidated loss estimate and profit forecast of AWC Facility Solutions Berhad and its subsidiaries ("the AWC Group"), for which the Directors are solely responsible, for the financial year ended 30 June 2003 and financial year ending 30 June 2004 as set out in Appendix I, in connection with the Corporate and Debt Restructuring Scheme ("the Scheme") as set out in Appendix II.

In our opinion, the estimate and forecast, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the directors as set out in Appendix I, and are presented on a basis consistent with the accounting policies normally adopted by AWC Group.

The accompanying estimate and forecast and this letter have been prepared for the inclusion in the Prospectus of AWC Group in connection with the Scheme, and are not to be reproduced, referred to in any other document or used for any other purpose without our written consent.

Yours faithfully

A handwritten signature in black ink that reads 'Ernst & Young'.

ERNST & YOUNG
No. AF0039
Chartered Accountants

A handwritten signature in black ink that reads 'Habibah Bte Abdul'.

HABIBAH BTE ABDUL
No. 1210/05/04(J)
Partner of the Firm

**AWC FACILITY SOLUTIONS BERHAD
CONSOLIDATED LOSS ESTIMATE AND PROFIT FORECAST AND
ASSUMPTIONS**

The directors estimate and forecast that, in the absence of unforeseen circumstances, the consolidated loss and profit after taxation and exceptional items for the financial year ended 30 June 2003 and financial ending 30 June 2004 will be approximately:

	<u>2003</u> RM'000	<u>2004</u> RM'000
(Loss)/profit after taxation	(81,167)	11,715
 (Loss)/profit after taxation are derived as follows:		
Profit before taxation arising from the subsidiaries [^]	-	16,198
Write off of investment in TCHB and debts settlement*	(30,080)	-
Taxation	-	(4,483)
(Loss)/profit after taxation	(30,080)	11,715
Less : Goodwill written off	(51,087)	-
(Loss)/profit after taxation	(81,167)	11,715

Notes:

[^] Post acquisition results of AWC Group is nil for the year ended 30 June 2003 as the effective acquisitions of the subsidiaries is deemed to have completed by 30 June 2003.

*Relates to the writing-off of cost of investment in Trans Capital Holding Berhad ("TCHB") and amounts due from TCHB and its subsidiaries arising from the debts settlement scheme.

The principal assumptions upon which the estimate and forecast have been made are as follows:

A. General political, economic and legislation environment

- (i) There will be no significant changes in the prevailing economic conditions in Malaysia, Singapore and elsewhere which will adversely affect the activities or performance of AWC Facility Solutions Berhad and its subsidiaries ("AWC Group").
- (ii) There will be no significant changes in the present legislation or government regulations affecting the activities of the AWC Group or the markets where they operate.
- (iii) There will be no material changes in the structure and principal activities of the AWC Group.
- (iv) There will be no major breakdown or disruption of facilities and supply of materials, industrial disputes or any abnormal factors, which will adversely affect the operations of the AWC Group.

- (v) There will be no unusual material increases in salary, cost of supplies and other operating costs that would adversely affect the activities and operations of the AWC Group.
- (vi) There will be no material changes in the existing key management personnel, and accounting policies from those presently adopted by the AWC Group.
- (vii) There will be no significant fluctuations in foreign currency exchange rates, which would adversely affect the activities and operations of the AWC Group. The consolidated estimate and forecast have been prepared on the assumption that the exchange rates for every unit of foreign currency ruling at the balance sheet date are as follows:

	RM
United States Dollar	3.80
Singapore Dollar	2.18

- (viii) The AWC Group will not be engaged in any material litigation and there will be no legal proceedings, which will adversely affect their activities or performance or give rise to any additional contingent liabilities, which will materially affect their position or business. There will be no material claims, which have not been recorded.
- (ix) There will be no significant changes in the current level of inflation.
- (x) There will be no significant changes in interest rates and borrowing cost.
- (xi) There will be sufficient supply of skilled and unskilled labour, materials, services and equipment to meet the operational requirements anticipated to be carried out by the AWC Group.
- (xii) There will be no significant changes in corporate tax rates, regulations or other levies from the current levels in Malaysia. The current corporate tax rate in Malaysia is 28%.
- (xiii) The corporate tax rates in Singapore will change from the current level of 24.5% to 22% and to 20% in year 2003 and 2004 respectively. There will be no other significant changes in regulations or other levies from current levels in Singapore.

B. Assumptions specific to the AWC Group

- (i) There will be no significant change in the customer demand, selling prices, service fees and product lines of the AWC Group.
- (ii) There will be no cancellation or significant change in the value of existing secured contracts.
- (iii) There will not be any major delays in the timing of the commencement and completion of contracts secured or to be secured.

(iv) The approximate success rates for proposals tendered are as follows:

<u>No.</u>	<u>Description</u>	<u>Success Rate</u>
i.	Contracts, tenders/proposals which have been accepted and are at their finalisation stage, or the renewal of existing contracts	100%
ii.	Tenders/proposals which have been submitted and are still being studied by potential customers:	
	- Sale of controllers, valves, fire dampers and other miscellaneous products	20-70%
	- Engineering works	50%
	- Facility management services	50%
	- Landscaping and nursery works	50%

The weighting used are arrived at based on management's best estimate, after taking into consideration the historical track records, relationship with customers, response received from customers on the tender/proposal submitted, and technical ability of the AWC Group.

- (v) The value of future contracts will not be significantly different from the current estimation.
- (vi) Direct expenditure has a variable relationship with revenue. As revenue increases, direct expenditure will rise proportionate to the revenue and vice versa.
- (vii) Operating expenditure is assumed to have a fixed cost behaviour where the expenditure is forecasted based on existing rental and other contractual agreements, maintenance and utility charges, budgeted administration cost etc. In some instances, overhead expenditure will increase by 10% to 15% (which is higher than inflation rate) compared to historical performance. Certain operating expenditure such as staff salaries, depreciation etc. are dependent on the number of staff employed or cost of depreciable assets.
- (viii) The gross profit margin for services rendered and products sold are forecasted based on the nature, facilities and other specifications currently provided by the AWC Group.
- (ix) The acquisitions of the subsidiaries shall be completed by 30 June 2003. The Corporate and Debt Restructuring Scheme (as referred to in Appendix II) other than the Acquisitions will be implemented as announced to the Kuala Lumpur Stock Exchange by the third quarter of 2003.
- (x) Trans Capital Holding Berhad ("TCHB") will be liquidated upon the completion of the Corporate and Debt Restructuring Scheme. The debts settlement arrangement under the scheme will be accepted by TCHB's preferential creditors as final settlement for all debts due.

- (xi) The gross proceeds of RM3,000,000 arising from the Restricted Offer for Subscription (as detailed in Appendix II) pursuant to the Corporate and Debt Restructuring Scheme will be received by the AWC Group during the financial year ending 30 June 2004.
- (xii) The Offer for Subscription (as detailed in Appendix II) pursuant to the Corporate and Debt Restructuring Scheme will take place during the forecast year and the gross proceeds of RM10,260,000 arising from the offer will be received by the AWC Group during the financial year ending 30 June 2004.
- (xiii) Goodwill on consolidation arising from the execution of the Acquisitions, after the application of the merger relief provisions as provided for under the Companies' Act 1965, will be written off to the income statement.
- (xiv) There will be no material acquisitions and disposals of property, plant and machinery other than those planned in line with the expansion of business operations, and will be implemented as scheduled.
- (xv) There will not be any other significant related company transactions other than those forecasted.
- (xvi) The provision for doubtful debts policy will be in accordance to the requirements as prescribed by the Securities Commission.

C. Specific assumptions – subsidiary companies

Ambang Wira Sdn. Bhd (“AWSB”)

- (i) The privatisation agreement in respect of facility management services entered into by the Company with the Federal Government of Malaysia will continue throughout the balance of concession period and there will be no major changes or amendments to the existing terms in the agreement.

AW Facility Management Sdn. Bhd. (“AWFM”)

- (i) AWSB and AWFM will continue with their strategic alliances in the performance of cleaning and maintenance services. The proportion of work sub-contracted by AWSB to AWFM remains unchanged.
- (ii) The maintenance contracts with a public listed company generating revenue of approximately RM6 million in year 2004 will commence in financial year 2004 as planned, with no significant variation to the contracted sum.

M&C Engineering And Trading Sdn. Bhd. ("M&C(M)")

- (i) The approximate success rates for proposals tendered are as follows:

<u>Description</u>	<u>Success Rate</u>	<u>Anticipated Discount</u>
Tenders/proposals which have been submitted and pending studied by the potential customers:		
- Sale of controllers	20%	15%
- Sale of valves	30%	10%
- Sale of balancing valves	50%	15%

Kejuruteraan Putrajaya Sdn. Bhd. ("KPSB")

- (i) The sub-contracting arrangements between KPSB and its present holding company, PJ Indah Sdn. Bhd. ("PJI"), will continue and remain unchanged.
- (ii) There will be no significant changes in the estimated size of infrastructure expansion projects at Putrajaya and Cyberjaya during the period of forecast.
- (iii) The "Electricfy Double Track" project between Ipoh and Pulau Pinang amounting to revenue of approximately RM3 million in year 2004 will commence in financial year 2004 as planned, with no significant variation to the contracted sum.

Gold Green Landscaping And Nursery Sdn. Bhd. ("GGLN")

- (i) The present turf planting method known as Zoysian GO-LAWN Net Planting System and Zoysian Instant Turf Planter will not be subject to any technological obsolescence.

**AWC FACILITY SOLUTIONS BERHAD ("AWC")
THE CORPORATE AND DEBT RESTRUCTURING SCHEME****(a) Share Exchange**

Exchange of shares pursuant to a scheme of arrangement under Section 176 of the Companies Act, 1965 ("the Act") between Trans Capital Holding Berhad ("TCHB"), all its shareholders and AWC, whereby all the existing shareholders of TCHB exchanged all their shares in TCHB for new ordinary shares of RM0.50 each in AWC ("AWC shares") on the basis of one (1) AWC share for every twelve (12) TCHB shares of RM1.00 each in TCHB at an issue price of RM0.60 per AWC Share;

The Share Exchange was completed on 27 July 2003.

(b) Debt Settlement Scheme

Debt settlement, pursuant to Section 176 of the Act, of :-

- (i) the debts owing by TCHB to its unsecured creditors through the issuance of AWC shares on the basis of one(1) AWC share, at an issue price of RM0.60 per share, for every RM0.60 of the unsecured debt owing to the unsecured creditors after a debt waiver of 92%;
- (ii) the debts owing by TCHB and its subsidiary companies, Trans Capital Sdn Bhd, Trans Capital Electronics Sdn Bhd and Trans Capital Technology Sdn Bhd to their respective preferential creditors, in cash, from the proceeds of a restricted issue, public issue and placement of shares undertaken by AWC.

The Debt Settlement Scheme was completed on 27 July 2003.

(c) Acquisitions

Acquisitions of the following companies from the vendors by AWC:

- (i) Acquisition of the entire issued and paid-up share capital of Ambang Wira Sdn. Bhd., comprising 3,000,000 ordinary shares of RM1.00 each, for a purchase consideration of RM40,365,250 wholly satisfied by an issue of 67,275,417 AWC shares, at an issue price of RM0.60 per share;
- (ii) Acquisition of the entire issued and paid-up share capital of AW Facility Management Sdn. Bhd., comprising 600,000 shares of RM1.00 each, for a purchase consideration of RM8,500,000 wholly satisfied by an issue of 14,166,667 AWC shares, at an issue price of RM0.60 per share;
- (iii) Acquisition of 85% of the issued and paid-up share capital of M&C Engineering and Trading Sdn. Bhd., comprising 1,700,000 shares of RM1.00 each, for a purchase consideration of RM25,359,750 wholly satisfied by an issue of 42,266,250 AWC shares, at an issue price of RM0.60 per share;
- (iv) Acquisition of 49% of the issued and paid-up share capital of M&C Engineering and Trading (S) Pte. Ltd., comprising 245,000 shares of SGD1.00 each, for a

purchase consideration of RM4,165,000 wholly satisfied by an issue of 6,941,667 AWC shares, at an issue price of RM0.60 per share;

- (v) Acquisition of the entire issued and paid-up share capital of Gold Green Landscape & Nursery Sdn. Bhd., comprising 100,000 shares of RM1.00 each, for a purchase consideration of RM12,750,000 wholly satisfied by an issue of 21,250,000 AWC shares, at an issue price of RM0.60 per share; and
- (vi) Acquisition of the entire issued and paid-up share capital of Kejuruteraan Putrajaya Sdn. Bhd., comprising 300,000 shares of RM1.00 each, for a purchase consideration of RM13,520,000 wholly satisfied by an issue of 22,533,333 AWC shares, at an issue price of RM0.60 per share.

The acquisitions were completed on 27 June 2003.

(d) Restricted Offer for Subscription

Restricted offer for subscription of 5,000,000 new ordinary AWC Share at an issue price of RM0.60 per share to certain existing shareholders of AWC. The proceeds of the restricted issue will be used to repay preferential creditors of TCHB and for working capital purposes.

(e) Offer for Subscription

Offer for subscription of 17,100,000 new ordinary AWC Shares of RM0.50 each comprising:-

- (i) 4,100,000 new ordinary shares of RM0.50 each available for application by the Malaysian public;
- (ii) 1,000,000 new ordinary shares of RM0.50 each to the former minority shareholders of Trans Capital Holding Berhad ("TCHB"); and
- (iii) 12,000,000 new ordinary shares of RM0.50 each by way of placement

(f) Transfer of Listing Status

The transfer of the listing status of TCHB to AWC and the listing and quotation of the entire enlarged issued and paid up capital of AWC on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE") and the consequent de-listing of TCHB from the Second Board of the KLSE.

8. FINANCIAL INFORMATION (Cont'd)**8.8 Directors' Commentary on the Achievability of the Consolidated Profit Forecast**

For forecast financial year ending 30 June 2004, the Board of Directors of AWC is expected to increase its profit after tax to RM11.72 million on the back of an increase in revenue. The improved in revenue during the forecast financial year ending 30 June 2004 will be mainly due to the increase in contracts secured and to be secured by AWC Group. As at 27 July 2003, approximately 66.32% or RM63.08 million of its revenue for the forecast financial year ending 30 June 2004 has been secured by way of contracts. Out of the RM63.08 million, 57.69% will be derived from contracts secured by its Integrated Facilities Management Division whilst the balance of 42.31% will be derived from its M&E Engineering Division. Accordingly, out of RM11.72 million of its forecast PAT, approximately 71.96% has been secured by way of contracts as at 27 July 2003.

The Board of Directors of AWC confirm that the profit forecast of the Company and the underlying bases and assumptions stated therein have been reviewed by the Directors after due and careful enquiry, and that the Directors, having taken into account the future prospects of the industry, future plans of AWC and its level of gearing, liquidity and working capital requirements, are of the opinion that the profit estimate and forecast of AWC are achievable and the assumptions made are reasonable.

Nevertheless, in light of the current economic environment in Malaysia and globally, certain assumptions, including interest and exchange rates, may differ significantly from actual, should the economic situation differ significantly from the date of this profit forecast and this may have a material impact on AWC's profit forecast.

8.9 Dividend Forecast and Policy

Due to the need to finance the future business expansion of AWC Group and the loss estimate for the financial year ended 30 June 2003, the directors are of the view that AWC would not be in the position to declare any dividend in respect of the financial year ended 30 June 2003. AWC, however, anticipates that it will be in position to propose a gross dividend of 3% for the financial year ending 30 June 2004 based on the consolidation profit projection and on the assumption that the present basis for calculating taxation and the rates of taxation remain unchanged.

It will be the policy of the directors in recommending dividends to allow shareholders to participate in the profits of AWC Group as well as leaving adequate reserves for the future growth of the AWC Group.

The intended appropriation of the consolidated profit forecast for the financial year ending 30 June 2004 will be as follows:-

	Financial Year Ending 30 June 2004 RM'000
PBT	16,198
Less : Taxation	(4,483)
PAT	11,715
Less : Proposed net dividend	(4,968)
Consolidated retained profit for the year	<u>6,747</u>
Dividend yield based on the issue price of RM0.60 per Share (%)	3.60
Net dividend cover (times)	2.31

Investors should note that future dividends may not be declared or paid if:-

- (i) AWC Group records a loss instead of the forecast profits; or
- (ii) The payment of the dividends would adversely affect AWC Group's cashflows and operations.

8. FINANCIAL INFORMATION (Cont'd)

8.10 Auditors' Letter on the Proforma Consolidated Balance Sheets of AWC Group as at 31 March 2003
(Prepared for inclusion in this Prospectus)



AF: 0039

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AUDITORS' LETTER ON THE PRO FORMA CONSOLIDATED BALANCE SHEETS OF AWC FACILITY SOLUTIONS BERHAD

(Prepared for inclusion in the Prospectus of AWC Facility Solutions Berhad to be dated 31 July 2003)

28 July 2003

The Board of Directors
AWC Facility Solutions Berhad
Third Floor, No. 79 (Room A)
Jalan SS 21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2003

We have reviewed the presentation of the pro forma consolidated balance sheets of AWC Facility Solutions Berhad and its Subsidiaries ("the AWC Group") as at 31 March 2003, together with the notes thereon, for which the Directors are solely responsible, as set out in Appendices I and II, in connection with the Corporate and Debt Restructuring Scheme ("the Scheme") as set out in Appendix III.

In our opinion, the pro forma consolidated balance sheets as at 31 March 2003, which are provided for illustrative purposes only, have been properly compiled on the bases set out in the accompanying notes to the pro forma consolidated balance sheets.

The accompanying pro forma consolidated balance sheets and this letter are prepared for the inclusion in the Prospectus of AWC Group in connection with the Scheme, and are not to be reproduced, referred to in any other document or used for any other purpose without our written consent.

Yours faithfully

A handwritten signature in black ink, appearing to read "Ernst & Young".

ERNST & YOUNG
No. AF0039
Chartered Accountants

A handwritten signature in black ink, appearing to read "Habibah Bte Abdul".

HABIBAH BTE ABDUL
No. 1210/5/04(J)
Partner of the Firm

8. FINANCIAL INFORMATION (Cont'd)**8.11 Proforma Consolidated Balance Sheets of AWC Group as at 31 March 2003**
(Prepared for inclusion in this Prospectus)**APPENDIX I****PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2003**

The following pro forma consolidated balance sheets of AWC Facility Solutions Berhad (“AWC”) and its Subsidiaries (collectively referred to as “the AWC Group”) are prepared for illustrative purposes only to show the effects of the transactions, as described in Appendix III, as if the transactions had been effected on 31 March 2003.

	Pro Forma I		Pro Forma II		Pro Forma III		Pro Forma IV		Pro Forma V	
	Audited as at 31.3.03 RM'000	After Share Exchange RM'000	After Pro Forma I and Debt Settlement Scheme RM'000	After Pro Forma II and Acquisitions RM'000	After Pro Forma III and Restricted Offer for Subscription RM'000	After Pro Forma IV and Offer for Subscription RM'000				
Current assets	291	291	291	40,578	40,578	41,338				
Current liabilities	(310)	(310)	(310)	(15,849)	(15,849)	(15,849)				
Net current (liabilities)/assets	(19)	(19)	(19)	24,729	24,729	25,489				
Property, plant and equipment	-	-	-	16,026	16,026	16,026				
Other investments	-	-	-	4,062	4,062	4,062				
Long term borrowings	-	-	-	(2,803)	(2,803)	(2,803)				
Deferred taxation	-	-	-	(1,873)	(1,873)	(1,873)				
Net assets	(19)	(19)	(19)	40,141	40,141	40,901				
FINANCED BY:										
Share capital	*	1,733	16,073	103,289	105,789	114,339				
Share premium	-	347	3,215	8,136	8,636	7,846				
Accumulated losses	(19)	(2,099)	(19,307)	(71,284)	(74,284)	(81,284)				
Shareholders' equity	(19)	(19)	(19)	40,141	40,141	40,901				
Net tangible assets/(liabilities) (RM'000)	(19)	(19)	(19)	40,141	40,141	40,901				
Net tangible assets/ (liabilities) per ordinary share (RM)	(9,500)	(0.01)	(0.00)	0.19	0.19	0.18				

* AWC has an issued and paid up share capital of RM1 at RM0.50 per ordinary share.

NOTES TO THE PRO FORMA CONSOLIDATED BALANCE SHEETS

The pro forma consolidated balance sheets, for which the Directors of AWC are solely responsible, are prepared to reflect the effects of the following transactions:

1. PRO FORMA I – Share Exchange

Pro Forma I incorporates the exchange of shares pursuant to a scheme of arrangement under Section 176 of the Companies Act, 1965 (“the Act”) between Trans Capital Holding Berhad (“TCHB”), all its shareholders and AWC, whereby all the existing shareholders of TCHB exchanged all their shares in TCHB of RM1.00 each (“TCHB shares”) amounting to RM41,593,000 for new ordinary shares of RM0.50 each in AWC (“AWC shares”) on the basis of one (1) AWC share for every twelve(12) TCHB shares at an issue price of RM0.60 per AWC share. The RM0.50 nominal value of AWC shares issued would be credited to the share capital account, whilst the RM0.10 premium would be credited to the share premium account.

As a result of the above, total shares issued by AWC amounted to 3,466,000 shares comprising RM1,733,000 of share capital with share premium of RM347,000.

The results and financial position of the TCHB Group is not consolidated with AWC after the Share Exchange as it is intended that TCHB will be liquidated upon completion of the Corporate and Debt Restructuring Scheme. The cost of investment in TCHB arising from the Share Exchange would be written off to the income statement of AWC.

2. PRO FORMA II – Debt Settlement Scheme

This includes all transactions in Pro Forma I and the settlement of debts owing by TCHB to its unsecured creditors through the issuance of new AWC shares on the basis of one (1) AWC share, issued at RM0.60 per AWC share, for every RM0.60 of the unsecured debt owing after a debt waiver of 92%. The RM0.50 nominal value of AWC shares issued would be credited to the share capital account, whilst the RM0.10 premium would be credited to the share premium account.

As a result of the above, 28,679,809 new share would be issued by AWC comprising RM14,339,905 of share capital and share premium of RM2,867,981.

The resulting amounts due from TCHB to AWC would be written off against the income statement as they are deemed not recoverable.

3. PRO FORMA III – Acquisitions

This includes all transactions in Pro Forma II and the acquisitions of the issued and paid-up share capital of the companies listed below. The pro forma consolidated balance sheet is presented based on the latest available audited financial statements of the following companies;

Name of subsidiaries	Audited financial statements as at
Ambang Wira Sdn. Bhd. (“AWSB”)	31 January 2003
AW Facility Management Sdn. Bhd. (“AWFM”)	31 March 2003
M&C Engineering and Trading Sdn. Bhd. (“M&C(M)”)	31 March 2003
M&C Engineering and Trading (S) Pte. Ltd. (“M&C(S)”)	31 March 2003
Gold Green Landscaping and Nursery Sdn. Bhd. (“GGLN”)	31 March 2003
Kejuruteraan Putrajaya Sdn. Bhd. (“KPSB”)	31 March 2003

The acquisitions of the issued and paid-up share capital of AWSB, AWFM, M&C(M), M&C(S), GGLN and KPSB (collectively referred to as “the Subsidiaries”) would be settled by the issuance of a total of 174,433,000 AWC shares at RM0.60 per share. The RM0.50 nominal value of AWC shares issued, amounting to RM87,216,000, would be credited to the share capital account, whilst the RM0.10 premium amounting to RM4,921,000 and RM12,522,000, would be credited to the share premium account and merger reserve account respectively.

Goodwill on consolidation arising from the above acquisitions is RM64,499,000, of which RM12,522,000 would be utilised to set off against the merger reserve balance. The resulting net goodwill on consolidation of RM51,977,000 would be written off to the income statement in accordance to the accounting policies of AWC. Goodwill arising from consolidation is derived at as follows:

Company	Number of AWC shares issued Unit'000	Equity interest acquired %	Net assets acquired RM'000	Purchase consideration settled by share issue RM'000	Goodwill arising RM'000
AWSB	67,275	100	^16,735	40,365	23,630
AWFM	14,167	100	2,187	8,500	6,313
M&C(M)	42,266	85	14,148	25,360	11,212
M&C(S)	6,942	49	2,540	4,165	1,625
GGLN	21,250	100	1,083	12,750	11,667
KPSB	22,533	100	3,468	13,520	10,052
	<u>174,433</u>		<u>40,161</u>	<u>104,660</u>	<u>64,499</u>
Less: Merger reserve set off					<u>(12,522)</u>
Goodwill written off					<u>51,977</u>

[^] Includes 15% net assets in M&C(M) of RM2,497,000 owned directly by AWSB.

4. PRO FORMA IV – Restricted Offer for Subscription

This incorporates the transactions in Pro Forma III and the restricted offer for subscription of 5,000,000 AWC shares at an issue price of RM0.60 per share. The entire proceeds of RM3,000,000 from the restricted offer will be used to repay preferential creditors of TCHB's identified subsidiaries. The resulting debts due from TCHB's subsidiaries to AWC will be written off to the income statement.

The RM0.50 nominal value of AWC shares issued, amounting to RM2,500,000, is credited to the share capital account, whilst the RM0.10 premium, amounting to RM500,000, is credited to the share premium account.

5. PRO FORMA V – Offer for Subscription

This includes the transactions in Pro Forma IV and the offer for subscription of RM10,260,000 in equities, comprising 17,100,000 AWC shares at an issue price of RM0.60 per share. Proceeds amounting up to RM7,000,000 will be used to repay preferential creditors of TCHB's subsidiaries, and the resulting amount due from TCHB's subsidiaries to AWC will subsequently be written off to the income statement. The remaining proceeds of RM3,260,000 will be used for settlement of listing expenses in respect of the Corporate and Debt Restructuring Scheme as well as working capital for AWC and its Subsidiaries.

The RM0.50 nominal value of AWC shares issued, amounting to RM8,550,000, is credited to the share capital account, whilst the RM0.10 premium, amounting to RM1,710,000, is credited to the share premium account.

Listing expenses, estimated at RM2,500,000, will be written off to the share premium account, as permitted by Section 60(2) of the Act.

6. SHARE CAPITAL AND SHARE PREMIUM

The movements in the share capital and share premium accounts of AWC are as follows:

	RM'000
<u>Share Capital</u>	
As at 31 March 2003	*
Share Exchange	1,733
Pro Forma I	1,733
Debt Settlement Scheme	14,340
Pro Forma II	16,073
Acquisitions	87,216
Pro Forma III	103,289
Restricted Offer for Subscription	2,500
Pro Forma IV	105,789
Offer for Subscription	8,550
Pro Forma V	114,339

* - AWC has an issued and paid up share capital of RM1

	RM'000
<u>Share Premium</u>	
As at 31 March 2003	-
Share Exchange	347
Pro Forma I	347
Debt Settlement Scheme	2,868
Pro Forma II	3,215
Acquisitions :	
Add: AWC shares issued at RM0.10 above nominal value [^]	4,921
Pro Forma III	8,136
Restricted Offer for Subscription	500
Pro Forma IV	8,636
Offer for Subscription	1,710
Less: Listing expenses written off	(2,500)
Pro Forma V	7,846

[^] After the application of merger relief provisions

**AWC FACILITY SOLUTIONS BERHAD ("AWC")
THE CORPORATE AND DEBT RESTRUCTURING SCHEME****(a) Share Exchange**

Exchange of shares pursuant to a scheme of arrangement under Section 176 of the Companies Act, 1965 ("the Act") between Trans Capital Holding Berhad ("TCHB"), all its shareholders and AWC Facility Solutions Berhad ("AWC"), whereby all the existing shareholders of TCHB exchanged all their shares in TCHB for new ordinary shares of RM0.50 each in AWC ("AWC shares") on the basis of one (1) AWC share for every twelve(12) TCHB shares of RM1.00 each in TCHB at an issue price of RM0.60 per AWC Share;

The Share Exchange was completed on 27 July 2003.

(b) Debt Settlement Scheme

Debt settlement, pursuant to section 176 of the Act, of :-

- (i) the debts owing by TCHB to its unsecured creditors through the issuance of AWC shares on the basis of one(1) AWC share, at an issue price of RM0.60 per share, for every RM0.60 of the unsecured debt owing to the unsecured creditors after a debt waiver of 92%;
- (ii) the debts owing by TCHB and its subsidiary companies, Trans Capital Sdn Bhd, Trans Capital Electronics Sdn Bhd and Trans Capital Technology Sdn Bhd to their respective preferential creditors, in cash, from the proceeds of a restricted issue, public issue and placement of shares undertaken by AWC.

The Debt Settlement Scheme was completed on 27 July 2003.

(c) Acquisitions

Acquisitions of the following companies ("the Subsidiaries") from the vendors by AWC:

- (i) Acquisition of the entire issued and paid-up share capital of Ambang Wira Sdn. Bhd., comprising 3,000,000 ordinary shares of RM1.00 each, for a purchase consideration of RM40,365,250 wholly satisfied by an issue of 67,275,417 AWC shares, at an issue price of RM0.60 per share;
- (ii) Acquisition of the entire issued and paid-up share capital of AW Facility Management Sdn. Bhd., comprising 600,000 shares of RM1.00 each, for a purchase consideration of RM8,500,000 wholly satisfied by an issue of 14,166,667 AWC shares, at an issue price of RM0.60 per share;
- (iii) Acquisition of 85% of the issued and paid-up share capital of M&C Engineering and Trading Sdn. Bhd., comprising 1,700,000 shares of RM1.00

each, for a purchase consideration of RM25,359,750 wholly satisfied by an issue of 42,266,250 AWC shares, at an issue price of RM0.60 per share;

- (iv) Acquisition of 49% of the issued and paid-up share capital of M&C Engineering and Trading (S) Pte. Ltd., comprising 245,000 shares of SGD\$1.00 each, for a purchase consideration of RM4,165,000 wholly satisfied by an issue of 6,941,667 AWC shares, at an issue price of RM0.60 per share;
- (v) Acquisition of the entire issued and paid-up share capital of Gold Green Landscape & Nursery Sdn. Bhd., comprising 100,000 shares of RM1.00 each, for a purchase consideration of RM12,750,000 wholly satisfied by an issue of 21,250,000 AWC shares, at an issue price of RM0.60 per share; and
- (vi) Acquisition of the entire issued and paid-up share capital of Kejuruteraan Putrajaya Sdn. Bhd., comprising 300,000 shares of RM1.00 each, for a purchase consideration of RM13,520,000 wholly satisfied by an issue of 22,533,333 AWC shares, at an issue price of RM0.60 per share.

The acquisitions were completed on 27 June 2003.

(d) Restricted Offer for Subscription

Restricted offer for subscription of 5,000,000 new ordinary AWC Share at an issue price of RM0.60 per share to certain existing shareholders of AWC. The proceeds of the restricted issue will be used to repay preferential creditors of TCHB and for working capital purposes.

(e) Offer for Subscription

Offer for subscription of 17,100,000 new ordinary AWC Shares of RM0.50 each comprising:-

- (i) 4,100,000 new ordinary shares of RM0.50 each available for application by the Malaysian public;
- (ii) 1,000,000 new ordinary shares of RM0.50 each to the former minority shareholders of Trans Capital Holding Berhad ("TCHB"); and
- (iii) 12,000,000 new ordinary shares of RM0.50 each by way of placement

(f) Transfer of Listing Status

The transfer of the listing status of TCHB to AWC and the listing and quotation of the entire enlarged issued and paid up capital of AWC on the Second Board of The Kuala Lumpur Stock Exchange ("KLSE") and the consequent de-listing of TCHB from the Second Board of the KLSE.

28 JUL 2003

The Shareholders of
AWC Facility Solutions Berhad ("AWC")

Dear Sir/Madam

On behalf of the Directors of AWC, I wish to report after making due enquiries that during the period from 31 March 2003 (being the date to which the last audited accounts of AWC and its Subsidiaries (the "**Group**") have been made up to the date hereof, being a date not earlier than fourteen days before the issue of this Prospectus that:-

- (i) the businesses of the Group have, in the opinion of the Directors, been satisfactorily maintained;
- (ii) in the opinion of the Directors, no circumstances have arisen subsequent to the last audited accounts of the Group which have adversely affected the businesses and operations or the value of the assets of the Group;
- (iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) Save as disclosed in Section 1.8 of this Prospectus, there are no other contingent liabilities by reason of any guarantees or indemnities given by the Group; and
- (v) since the last audited accounts of the Group, save as disclosed in the Accountants' Report and Proforma Consolidated Balance Sheet as set out in Section 10 and 8.11 of this Prospectus, there has been no changes in published reserve nor any unusual factors affecting the profits of the Group.

Yours faithfully
On behalf of the Board of Directors of
AWC FACILITY SOLUTIONS BERHAD



KRISHNAN MENON
Executive Director

