

**AWC FACILITY SOLUTIONS BERHAD**  
**(Company no. 550098-A)**  
**(Incorporated in Malaysia)**

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR THE SECOND QUARTER ENDED 31 DECEMBER 2007**

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**1. BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2007.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2007.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2007 except for the adoption of the following new and revised FRS issued by Malaysian Standards Board (“MASB”) that are effective for the Group for the financial period beginning 1 January 2007:

- FRS 117 Leases
- FRS 124 Related party disclosures

The adoption of FRS 117 and FRS 124 mentioned above does not have significant financial impact on the Group or prior year financial statements.

**2. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors’ report on the financial statements for the financial year ended 30 June 2007 was not subject to any audit qualification.

**3. EXTRAORDINARY AND EXCEPTIONAL ITEMS**

There were no extraordinary items during the current quarter under review.

**4. SEASONAL OR CYCLICAL FACTORS**

The Group’s business was not affected by any significant seasonal or cyclical factors during the current quarter under review.

**5. CHANGE IN ESTIMATES**

There were no changes in estimates of amounts reported in the prior financial year that have a material effect in the current quarter.

**6. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES**

There was no sale of unquoted investments and properties during the current quarter under review.

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**7. QUOTED SECURITIES**

There was no purchase or disposal of quoted securities for the current quarter and financial year-to-date. At the end of the current quarter under review, the Group did not hold any investments in quoted securities.

**8. CHANGES IN COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the current quarter.

**9. CORPORATE PROPOSALS**

There were no corporate proposals announced that require any disclosure in this report.

**10. DEBT AND EQUITY SECURITIES**

There were no issuance and repayment of debt and equity securities during the current quarter under review.

The Company did not carry out any further purchase of its own ordinary shares during the quarter under review. The Company is currently holding 1,486,800 shares as treasury shares at an average purchase price of RM0.28 per share.

There was no cancellation of shares or resale of treasury shares during the quarter.

**11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Directors are not aware of any material contingent liabilities or contingent assets of the Group as at the date of this report.

**12. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There are no off balance sheet financial instruments as at the date of this report.

**13. MATERIAL LITIGATION**

There are no material litigations or claims against the Group as at the date of this report.

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**14. SEGMENTAL INFORMATION**

Segmental analysis for the current financial year to date is as follows:

	Investment holding	Integrated facility management	M&E engineering	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
External revenue	-	26,349	25,511	-	51,860
Inter-segment revenue	2,137	3,996	209	(6,342)	-
Total revenue	2,137	30,345	25,720	(6,342)	51,860
<b>Results</b>					
Profit from operations	1,231	1,984	406	(2,025)	1,596
Net finance costs	(96)	(88)	(197)	25	(356)
Profit before tax					1,240
Taxation					(1,005)
Net profit for the period					235

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

	Current Quarter Ended 31 December 2007 RM'000	Preceding Quarter Ended 30 September 2007 RM'000	Variance	
			RM'000	%
Profit Before Taxation	39	1,201	(1,162)	(97)

Profit before taxation for the current quarter amounted to RM39,000 compared to RM1.2 million in the immediate preceding quarter. The drop of approximately RM1.2 million or 97% was due to the lower revenue and margins of certain businesses in the M&E Division. Some of these businesses are under review by management for re-structuring.

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**16. PERFORMANCE REVIEW**

	Current Quarter Ended 31.12.2007 RM'000	Preceding Quarter Ended 30.9.2007 RM'000	Variance		Prior Year Corresponding Quarter Ended 31.12.2006 RM'000	Variance	
			RM'000	%		RM'000	%
Revenue	27,812	24,048	3,764	16	27,002	810	3
Profit before taxation	39	1,201	(1,162)	(97)	2,599	(2,560)	(98)
Profit attributable to equity holders of the parent	(4)	808	(812)	(101)	1,385	(1,389)	(101)

**16.1 Revenue**

Revenue for the current quarter under review, as compared to the immediate preceding quarter has increased by approximately RM3.8 million or 16%. This increase in revenue was mainly due to certain project billings made by a subsidiary during the current quarter amounting to approximately RM5.3 million, offset by decreases in revenue of other subsidiaries.

Compared to the corresponding quarter last year, revenue recorded showed an increase of RM0.8 million (3%).

**16.2 Profit Before Taxation**

Profit before tax for the current quarter has shown a drop compared to the immediate preceding quarter of RM1.2 million (minus 97%) and against the prior year corresponding quarter of RM2.6 million (minus 98%).

The drop compared to the immediate preceding quarter, and the corresponding quarter last year, is attributable to the reasons as has been explained in Note 15 above.

**16.3 Profit Attributable To Equity Holders Of The Parent**

The current quarter shows loss attributable to the equity holders of the parent of RM4k as compared to profit attributable to equity holders of RM808k in the preceding quarter and RM1.4 million in the corresponding quarter last year. This decrease is due mainly to the reasons as set out in Note 15 and Note 16.2 above.

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**17. COMMENTARY ON PROSPECTS**

The IFM Division's results remain fairly stable, and continue to contribute positively towards the Group's performance. As mentioned above in Note 15, certain businesses in the M&E Division are under review to strengthen the Division's future performance.

The directors are of the view that the Group's businesses should be strengthened and at this announcement will not comment on the results for the current financial year to 30 June 2008.

**18. PROFIT FORECAST OR PROFIT GUARANTEE**

Not applicable.

**19. TAXATION**

	<b>Current quarter ended 31.12.2007 RM'000</b>	<b>Year to date ended 31.12.2007 RM'000</b>
Tax expense for the period	323	1,005
Deferred taxation	-	-
	<u>323</u>	<u>1,005</u>

The Group's effective tax rate for the current quarter and the current financial year to date is higher than the statutory tax rate of 26% mainly due to certain expenses being disallowed.

**20. CARRYING AMOUNT OF REVALUED ASSETS**

Not applicable

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**21. BORROWINGS**

	<b>At 31.12.2007 RM'000</b>	<b>At 30.6.2007 RM'000</b>
Secured Short-term Borrowings:		
Bank overdrafts	1,614	1,838
Banker acceptances	950	1,377
Term loan (due within 12 months)	908	1,318
Hire purchase payables (due within 12 months)	304	357
	3,776	4,890
Unsecured Bank overdrafts	205	411
Unsecured Short-term Multi trade facility	40	59
Total Short-term Borrowings	4,021	5,360
Secured Long-term Borrowings:		
Term loan (due after 12 months)	6,354	2,715
Hire purchase payables (due after 12 months)	1,032	936
	7,386	3,651
Total Borrowings	11,407	9,011

All of the above borrowings are denominated in Ringgit Malaysia except for RM33,058 (2007: RM40,427) which are denominated in Singapore Dollars.

**22. SUBSEQUENT EVENTS**

There were no material events which occurred subsequent to the end of the current quarter that requires adjustment to, or disclosure in the interim financial reports.

**23. COMMITMENTS**

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

	<b>At 31.12.2007 RM'000</b>	<b>At 30.6.2007 RM'000</b>
Non-cancellable operating lease commitments		
Future minimum rentals payable:		
Not later than 1 year	1,093	1,094
Later than 1 year and not later than 2 years	671	998
Later than 2 years and not later than 5 years	192	350
	1,956	2,442

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**24. EARNINGS PER SHARE**

The basic earnings per ordinary share of the Group is calculated based on the Group's net profit for the period attributable to equity holders of the parent over the weighted average number of ordinary shares in issue during the period as follows:

	<b>Current quarter ended 31.12.2007</b>	<b>Year to date ended 31.12.2007</b>
Profit attributable to equity holders of the parent (RM'000)	(4)	804
Weighted average number of ordinary shares in issue ('000)	227,226	227,226
Basis earnings per share (sen)	0.002	0.35

The Group did not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares in the Company and therefore, there is no potential dilutive effect to its basic earnings per share.

**25. AUTHORISATION FOR ISSUE**

This interim financial report has been approved by the Board of Directors of the Company for issuance on 28 February 2008.

**26. DIVIDENDS**

The Board has not recommended any interim dividends for the current financial quarter.