

## 11. OTHER INFORMATION

### 11.1 MAJOR LICENCES AND PERMITS FROM EXTERNAL BODIES

The major licences and permits obtained by the Perisai Group from external bodies are set out below:

#### CSSB

Authority	Licence	Date of Issuance/ (Expiry Date)	Main Conditions	Status of Compliance
MITI	Manufacturing licence	29 December 2003/ -	1. The original licence or the certified true copy of the same has to be displayed at CSSB at an eye catching location. This licence need not be renewed and is valid unless it is cancelled in accordance with the Industrial Co-ordination Act 1975.	Noted and complied
			2. The project (manufacturing of the "protective caps for oil and gas industries") has to be carried out within 12 months from the effective date of the Licence or at any another date approved by the licensing officer.	Complied
			3. CSSB is encouraged to ensure with reasonable effort that the composition of the board of directors mirrors the equity structure of the company. CSSB has to inform the MITI of any changes to the members of the board of directors.	Noted and will be complied
			4. For local trading, CSSB has to ensure that it uses reasonable effort to employ services offered by Malaysians, including the appointment of marketing agency operated by Malaysians, whereby at least 30% of the sales in Malaysia is awarded to Bumiputera marketing agents.	Noted and will be complied
			5. CSSB has to furnish a report in relation to the success/ status of the project to Malaysian Industrial Development Authority (MIDA) within 6 months from the date of the issuance of the Licence	To be complied
			6. The decision to grant CSSB the Licence is subject to the provisions of the Industrial Co-ordination Act 1975 and the non compliance of any provisions therein may result in the Manufacturing Licence being withdrawn/cancelled.	Noted
			7. The location for the manufacturing is in Lot 9, Jalan P/15, Kawasan Perindustrian	Complied

**11. OTHER INFORMATION (Cont'd)**

Authority	Licence	Date of Issuance/ (Expiry Date)	Main Conditions	Status of Compliance
			MIEL, Fasa 4, Seksyen 10, 43680 Bandar Baru Bangi, Selangor Darul Ehsan and is subject to the approval from the state authority and the Department of Environment Malaysia.	
			8. CSSB has to notify MITI of any sale of shares of CSSB.	Noted and complied
			9. CSSB has to train Malaysian citizens so that the transfer of technology and expertise can be effected at all levels.	Noted and will be complied
			10. CSSB has to ensure the project is carried as approved by MITI and subject to the conditions attached. CSSB has to ensure that the project is carried out in accordance with the rules and regulations in Malaysia	Complied
PETRONAS	Licence to manufacture, supply and install protective systems for corrosion prevention (including inspection, surface preparation and maintenance) on all nuts and bolts, pipe flanges, riser or riser clamps and pipe supports to oil and gas exploration and production companies in Malaysia and the provision of underwater engineering construction and maintenance services	16 July 2002/ (15 July 2004)	CSSB has to furnish PETRONAS with the annual audited accounts for the year ended 31 December 2002 before 1 July 2003 and the position of the shareholders' funds has to be positive.	Complied
			CSSB has to furnish PETRONAS with the annual audited accounts for the year ended 31 December 2003 before 1 July 2004 and the position of the shareholders' funds has to be positive.	To be complied
MoF	Registration as contractor to supply various products and services for corrosion prevention for chemical industry	1 August 2003/ (1 July 2006)	1. The approval is given based on the information given by CSSB.	Complied
			2. Notice of any changes in the information given has to be made online within 10 days from such change.	Noted and will be complied
			3. CSSB has to furnish any information required by MoF within such time frame as stipulated by MoF, failing which MoF has the right to cancel/suspend the registration without further notice to CSSB.	Noted and will be complied

## 11. OTHER INFORMATION (Cont'd)

Authority	Licence	Date of Issuance/ (Expiry Date)	Main Conditions	Status of Compliance
			4. CSSB has to ensure that the registration approved under the relevant field do not overlap with any other company registered with MoF under the same field having common proprietor, board of directors or management.	Complied
			5. MoF has the right to cancel/suspend the registration of CSSB without any further notice to CSSB in the event that the information furnished by CSSB is untrue.	Noted
			6. Registration shall be suspended/cancelled if:-	Noted and complied
			(a) The company / proprietor / partner / director is involved in any illegal activities / crime or being convicted for the same in any courts in Malaysia or outside Malaysia;	
			(b) The company withdraws the offer before the tender is considered or rejects any offer made;	
			(c) Failure of the company to carry out any contracts executed between the company and the government;	
			(d) Amend/change the approval letter with a view to cheat or any other purpose;	
			(e) Allows the registration certificate to be misused by any other individual /company; and	
			(f) The company is found to have made price agreement with other companies when tendering with the government.	
			7. The company has to submit application for the renewal of the registration 3 months before the expiry of the duration of the registration.	To be complied

**11. OTHER INFORMATION (Cont'd)****RMSB**

<b>Authority</b>	<b>Licence</b>	<b>Date of Issuance</b>	<b>Main Conditions</b>	<b>Status of Compliance</b>
PETRONAS	Licence to supply various equipment and provide services to oil and gas exploration and production companies in Malaysia	29 April 2003/ (28 April 2005)	<ol style="list-style-type: none"> <li>1. RMSB has to register, obtain licence, permit or consent from the relevant authority to carry out the services or the provision of the equipment or other relevant materials for the carrying out of RMSB's activities or operations.</li> <li>2. The licence is not transferrable.</li> <li>3. This licence shall be cancelled in the event that RMSB is involved in any stage of liquidation, winding up, dissolution.</li> <li>4. RMSB has to comply with the Government's guidelines in relation to the management, employment and the usage of services and local made materials.</li> <li>5. RMSB has to notify PETRONAS any changes to the company eg. Equitable ownership, board of directors, management staff within fourteen (14) days from such change. Failure to comply with this requirement may result in the licence being cancelled.</li> <li>6. RMSB has to take immediate action to comply with the conditions attached to the licence and notify PETRONAS of the status of such compliance.</li> <li>7. RMSB is not allowed to employ other company as principal, agent, sub contractor or provide any services, facilities, equipment without the prior written consent from PETRONAS.</li> <li>8. RMSB has to employ its workers locally, RMSB may employ foreign workers if it can prove that there are no local workers knowledgeable to carry out the work required.</li> <li>9. Unless otherwise agreed by PETRONAS, RMSB has to carry out its business activities in Malaysia, and engage/use facilities like banking, insurance, and other professional services</li> </ol>	<p>Complied</p> <p>Complied</p> <p>Noted and complied</p> <p>Complied</p> <p>Noted and complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p> <p>Complied</p>

**11. OTHER INFORMATION (Cont'd)**

Authority	Licence	Date of Issuance	Main Conditions	Status of Compliance
			or otherwise operated by Malaysians or firms/companies incorporated in Malaysia.	
			10. This licence has to be shown to the PETRONAS officers for inspection upon request.	Complied
			11. This licence is only limited to provision of services or equipment as stated in the annexure.	Complied
			12. Action shall be taken against RMSB if in the opinion of PETRONAS, RMSB commits one or more of the following:-	Noted and complied
			a. failed to complete the work given;	
			b. failed to carry out its responsibilities under any contracts or any other responsibilities in law towards its partners, principals, agents, subcontractors, etc.;	
			c. receives a garnished order;	
			d. any action for winding up is filed against it;	
			e. cannot be located through its last known address;	
			f. sub contract out the work without the prior written consent from PETRONAS;	
			g. refuse to accept any contract or tender given;	
			h. enters into or accepts any contract/tender when its licence is suspended;	
			i. gives information that is false, inaccurate or confusing;	
			j. non-compliance of any rules and ethics including but not limited to sending of poison letter, bribery, lobbying; and	
			k. engage in any activities that do not conform with this licence.	

## 11. OTHER INFORMATION (Cont'd)

Authority	Licence	Date of Issuance	Main Conditions	Status of Compliance
			13. Regulation 9 of the Petroleum Regulations 1974 states that:  "Any persons who commences or continues any business or service mentioned in Regulation 3 of the Petroleum Regulations 1974 without a licence or fails to comply with any condition of any of any such licence shall be liable to a fine not exceeding fifty thousand ringgit (RM50,000.00) or imprisonment for a term not exceeding two (2) years or both and in the case of a continuing offence, he shall be liable to a further fine of one thousand ringgit (RM1,000.00) for each day or part of a day which the offence continues after the first day in respect of which the conviction is recorded.	Noted and complied
			14. This Licence shall be suspended or cancelled any time if any of the conditions set forth above are not complied with.	Noted and complied
MoF	Registration as contractor for the provision of equipment or services relating to the following:-  a. the power generating plant, heat exchanger and / or spare parts  b. cleaning of building  c. machinery and workshop equipment  d. machinery and special equipment  e. diving services	26 December 2003/ (25 December 2006)	1. The approval is given based on the information given by RMSB.  2. Notice of any changes in the information given has to be made online within 10 days from such change.  3. RMSB has to furnish any information required by MoF within such time frame as stipulated by MoF, failing which MoF has the right to cancel/suspend the registration without further notice to RMSB.  4. RMSB has to ensure that the registration approved under the relevant field do not overlap with any other company registered with MoF under the same field having common proprietor, board of directors or management.  5. MoF has the right to cancel/suspend the registration of RMSB without any further notice to RMSB in the event that the information furnished by RMSB is untrue.	Complied  Complied  Complied  Complied  Noted and complied

**11. OTHER INFORMATION (Cont'd)**

Authority	Licence	Date of Issuance	Main Conditions	Status of Compliance
			<p>6. Registration shall be suspended/cancelled if:-</p> <p>(a) The company / proprietor / partner / director is involved in any illegal activities / crime or being convicted for the same in any courts in Malaysia or outside Malaysia;</p> <p>(b) The company withdraws the offer before the tender is considered or rejects any offer made;</p> <p>(c) Failure of the company to carry out any contracts executed between the company and the government;</p> <p>(d) Amend/change the approval letter with a view to cheat or any other purpose;</p> <p>(e) Allows the registration certificate to be misused by any other individual/company; and</p> <p>(f) The company is found to have made price agreement with other companies when tendering with the government.</p>	Noted and complied
			<p>7. The company has to submit application for the renewal of the registration 3 months before the expiry of the duration of the registration.</p>	To be complied

**11.2 ACQUISITIONS**

Save for the property described in section 11.3 of this Prospectus which was acquired on 12 December 2003 for a consideration of RM1,500,000, and the land referred to in section 12.5.1 of this Prospectus, the Perisai Group did not acquire any assets within the two years preceding 31 May 2004.

**11. OTHER INFORMATION (Cont'd)****11.3 PROPERTIES**

Details on the property owned by the Perisai Group are as follows:

Name / Registered owner	Postal address or identification	Approximate age of building	Tenure	Expiry of lease	Description/existing use	Land area/ Built up area	Book value as at 31 December 2003	Restrictions in interest	Encumbrances on land
CSSB	Factory Lot No. 9, Jalan P10 /15, Kawasan Perindustrian MIEL, Phase IV, 43680 Bandar Baru Bangi	6	Leaschold - 99 years	19 August 2098	Office cum factory and warehouse	1,730 squared metres / 1060 squared metres	1,500,000	The land cannot be transferred, leased or charged without the consent from the state authority	Nil

Note:

- (i) No revaluation was done for the aforesaid property  
(ii) The Certificate of Fitness was issued on 30 June 1993. The above property is not in breach of building regulations.



## 12. FINANCIAL INFORMATION

### 12.1 PROFORMA CONSOLIDATED PROFIT AND LOSS ACCOUNT

The table below sets out a summary of the proforma audited consolidated financial performance of Perisai for the past five financial years ended 31 December 2003 based on the assumption that the current Group structure has been in existence throughout the years under review. The proforma audited consolidated profit records are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in section 14 of this Prospectus.

	←-----Financial year ended 31 December----->				
	1999 RM	2000 RM	2001 RM	2002 RM	2003 RM
Turnover	2,205,092	4,385,808	5,014,193	11,019,439	20,869,326
EBITDA before exceptional item	584,447	1,261,990	1,179,341	2,777,211	8,694,094
Depreciation and amortisation	(199,460)	(293,430)	(419,340)	(493,023)	(933,410)
Interest expense	(31,115)	(70,794)	(114,555)	(106,524)	(87,348)
Exceptional item <sup>(1)</sup>	-	-	-	-	2,449,001
Share of profit of associated company	-	-	-	-	353,456
PBT	353,872	897,766	645,446	2,177,664	10,475,793
Taxation <sup>(2)</sup>	-	(337,990)	(114,783)	(124,391)	(1,913,026)
PAT	353,872	559,776	530,663	2,053,273	8,562,767
Minority interests	(144,316)	(256,718)	(168,032)	(799,886)	(2,200,698)
PAT after minority interests	209,556	303,058	362,631	1,253,387	6,362,069
Number of Shares assumed in issue after the Acquisitions ('000)	156,000	156,000	156,000	156,000	156,000
Gross EPS (sen) <sup>(3)</sup>	0.23	0.58	0.41	1.40	6.72
Net EPS (sen) <sup>(4)</sup>	0.13	0.19	0.23	0.80	4.08

*Notes:*

- (1) *The exceptional item for the financial year ended 31 December 2003 was due to the capital gain resulting from the disposal of 51% equity interest in RMSB by CSSB.*
- (2) *The effective tax rate for the financial year ended 31 December 2001 to 2003 is lower than the statutory tax rate due to utilisation of unabsorbed tax losses and unutilised capital allowances (2001), double taxation relief allowed for R&D expenditure (2002 and 2003) and capital gain of RM2.45 million which is not subjected to tax (2003).*
- (3) *Computed based on proforma audited consolidated PBT and minority interests over the number of shares assumed to be in issue after the Acquisitions*
- (4) *Computed based on proforma audited consolidated PAT and minority interests over the number of shares assumed to be in issue after the Acquisitions*
- (5) *Perisai did not declare any dividends during the financial years under review*
- (6) *The respective audited financial statements of the companies within the Perisai Group for the past 5 financial years have not been subject to any audit qualification*

## 12. FINANCIAL INFORMATION (Cont'd)

## 12.2 SEGMENTAL ANALYSIS

## Revenue by subsidiary

Subsidiary	Financial year ended 31 December				
	1999 RM	2000 RM	2001 RM	2002 RM	2003 RM
CSSB	2,205,092	4,011,349	4,504,389	10,772,758	20,411,076
RMSB	-	532,207	1,196,016	1,243,198	5,194,698
OTSB	-	-	88,118	22,713	232,456
FSSB	-	-	-	-	2,131,725
	<b>2,205,092</b>	<b>4,543,556</b>	<b>5,788,523</b>	<b>12,038,669</b>	<b>27,969,955</b>
Less : Inter- company sales	-	(157,748) <sup>(1)</sup>	(774,330) <sup>(2)</sup>	(1,019,230) <sup>(3)</sup>	(7,100,629) <sup>(4)</sup>
	<b>2,205,092</b>	<b>4,385,808</b>	<b>5,014,193</b>	<b>11,019,439</b>	<b>20,869,326</b>

## Notes:

- (1) Comprises of sales amounting to RM157,748 by CSSB to RMSB.  
(2) Comprises of sales amounting to RM686,212 by CSSB to RMSB and royalty income amounting to RM88,118 from CSSB to OTSB.  
(3) Comprises of sales amounting to RM996,517 by CSSB to RMSB and royalty income amounting to RM22,713 from CSSB to OTSB.  
(4) Comprises of sales by CSSB amounting to RM4,736,448 and RM2,131,725 to RMSB and FSSB respectively and royalty income amounting to RM232,456 from CSSB to OTSB.

## PBT/(LBT) by company

Company	Financial year ended 31 December				
	1999 RM	2000 RM	2001 RM	2002 RM	2003 RM
Perisai	-	-	-	-	(3,500)
CSSB	360,789	979,786	501,188	2,089,406	6,371,324
RMSB	-	(63,572)	162,828	86,537	1,834,835
OTSB	(4,648)	(16,061)	(16,061)	3,536	131,505
FSSB	(1,149)	(1,267)	(1,389)	(695)	1,789,293
ISSB	(1,120)	(1,120)	(1,120)	(1,120)	(1,120)
	<b>353,872</b>	<b>897,766</b>	<b>645,446</b>	<b>2,177,664</b>	<b>10,122,337<sup>(1)</sup></b>

## Note:

- (1) Before inclusion of the share of associated companies' profit amounting to RM353,456.

**12. FINANCIAL INFORMATION (Cont'd)****Review on revenue and profit**

- (1) In 1999, CSSB was the sole revenue contributor to the Perisai Group and remained the largest revenue and profit contributor to the Perisai Group for the financial years under review. The Group's revenue increased by approximately 94.1% as compared to 1998 mainly due to the increase in the number of contracts secured by CSSB from the PETRONAS group of companies ("PETRONAS Group") for the provision and installation of corrosion control products in relation to bolts, nuts and flanges. Accordingly, the Group's PBT increase by 241.4% in 1999 as compared to 1998. The PBT margin for CSSB was higher in 1999 compared to 1998 following the successful implementation of cost control measures.
- (2) In 2000, the 98.9% increase in the Group's revenue was attributed to the increase in contracts from PETRONAS Group as CSSB's products and solutions began to gain acceptance. During the year, CSSB was awarded the PETRONAS Vendor Status by the MoF. Further, during the year in September 2000 RMSB commenced operations and contributed revenue to the Perisai Group for the inspection and maintenance of plants and machinery for the oil and gas industry. Hence, the Group's PBT increased by 153.7% in 2000 in line with the increase in the Group's revenue. RMSB recorded losses during the year as it had just commenced operations.
- (3) In 2001, while the revenue recorded by CSSB had not increased significantly, the revenue contribution from RMSB almost doubled with the incorporation of a full year's financial results. Accordingly, the Group recorded a 14.3% increase in turnover. However, the PBT decreased by 28.1% in 2001 due to the sharp decline in gross profit margin recorded by CSSB, as a result of an increased number of specialised jobs undertaken by CSSB which required heavy initial set-up and research and development costs. RMSB had begun to record profit in its second year of operation.
- (4) In 2002, the revenue of the Group increased by 119.8% mainly due to CSSB securing a contract valued at RM5.4 million from Sarawak Shell for the provision of Composite Sleeve Repair. The PBT increased by 237.4% due to cost control measures introduced by the management of the Group. The reason for the substantially low effective tax rate of 6% for the financial year 2002 is due to double tax deductions allowed for research and development expenses amounting to RM2.01 million which resulted in significant tax savings.
- (5) With the conclusion of the Master Service Agreement and the award of the individual contracts from PETRONAS' PSC contractors, namely, *inter alia*, Carigali, ExxonMobil, Shell and Nippon Oil for the provision of corrosion control services in 2003, the revenue of CSSB continued to soar. In addition to the revenue generated from its existing contracts, during the year, the Perisai Group also secured various new contracts from PETRONAS for inspection and maintenance of heat exchanger, risers repairs and under-water pipe repairs. During the financial year, FSSB began to exploit the exclusive selling and application rights in respect of Fibaroll which was awarded by Fiba Tech Industries Ltd in 2001. In tandem with the increase in revenue, PBT for the Group also increased significantly. During the financial year, CSSB also recorded a gain from the disposal of RMSB amounting to RM2.45 million. The effective tax rate for the year is lower than the statutory rate mainly due to the capital gain of RM2.45 million which is not subject to tax and research and development expenses amounting to RM1.32 million which is allowed for double tax deduction.
- (6) The losses incurred by Perisai, OTSB and FSSB were attributed to the administrative expenses incurred by these companies before the commencement of their respective business operations. The date of commencement of operations by Perisai, OTSB and FSSB is disclosed in section 5.4 of this Prospectus. The losses incurred by ISSB for the past 5 financial years ended 31 December 2003 were because ISSB did not generate any revenue during the said financial years as no royalties were charged to patent users, whilst it had incurred administrative costs.

**12. FINANCIAL INFORMATION (Cont'd)****12.3 EXCLUSION OF PROFIT FORECAST**

The Perisai Group's turnover and operating results are difficult to forecast and could be adversely affected by many factors, some of which are highlighted in section 4 of this Prospectus. As such, the Perisai Group's profit forecast is not disclosed in this Prospectus.

**12.4 DIRECTORS' DECLARATION ON FINANCIAL PERFORMANCE**

Save as disclosed in sections 4, 12.1 and 12.5 of this Prospectus, as at 31 May 2004, the financial conditions and operations of the Company and its subsidiary companies are not affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had or that the Company and its subsidiary companies reasonably expect to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Company and its subsidiary companies;
- (ii) material capital expenditure commitments;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Company and its subsidiary companies; and
- (iv) known events, circumstances, trends, uncertainties and commitments that is reasonably likely to make the historical financial statements not indicative of the future financial performance and position.

**12.5 MATERIAL CAPITAL COMMITMENTS, INDEBTEDNESS, CONTINGENT LIABILITIES AND WORKING CAPITAL****12.5.1 Material capital commitments**

As at 31 May 2004, being the latest practicable date prior to the printing of this Prospectus, the Directors of Perisai are not aware of any material capital commitments incurred or known to be incurred by Perisai or any of its subsidiary companies, which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Perisai Group, save as disclosed below:

	<b>RM'000</b>
<b>Approved and contracted for:</b>	-
<b>Approved but not contracted for:</b>	
2 pieces of land measuring 1 acre each located in Bangi*	2,000
<b>TOTAL</b>	<b>2,000</b>

*Note:*

\* A deposit of RM200,000 has been paid by CSSB for the 2 pieces of land but the relevant agreement for the acquisition has not been signed as at 31 May 2004. CSSB intends to fund the acquisition from internally generated funds and/or bank borrowings.

**12. FINANCIAL INFORMATION (Cont'd)****12.5.2 Indebtness**

As at 31 May 2004, being the latest practicable date prior to the printing of this Prospectus, the total borrowings outstanding from Perisai and its subsidiary companies are as follows:

<b>Type of borrowings</b>	<b>RM</b>
Long-term borrowings	
- Interest bearing	689,878
- Non interest bearing	-
Short-term borrowings	
- Interest bearing	169,508
- Non interest bearing	-
<b>TOTAL</b>	<b>859,386</b>

There was no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past financial year ended 31 December 2003 and the subsequent financial period thereof immediately preceding the date of this Prospectus.

**12.5.3 Contingent liabilities**

As at 31 May 2004, being the latest practicable date prior to the printing of this Prospectus, the Directors of Perisai are not aware of any contingent liabilities incurred or known to be incurred by Perisai or any of its subsidiary companies.

**12.5.4 Working Capital**

The Directors of Perisai are of the opinion that, after taking into consideration the cashflow position, banking facilities available and net proceeds from the Public Issue, the Group will have adequate working capital for a period of 12 months from the date of this Prospectus.

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13. PROFORMA CONSOLIDATED BALANCE SHEET

Private and Confidential

9 June 2004

The Board of Directors  
Perisai Petroleum Teknologi Bhd.,  
Lot No. 9, Jalan P10 / 15,  
Kawasan Perindustrian MIEL, Fasa 4,  
43680 Bandar Baru Bangi,  
Selangor Darul Ehsan,  
Malaysia.

Dear Sirs,


**PERISAI PETROLEUM TEKNOLOGI BHD ("PERISAI")  
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2003.**

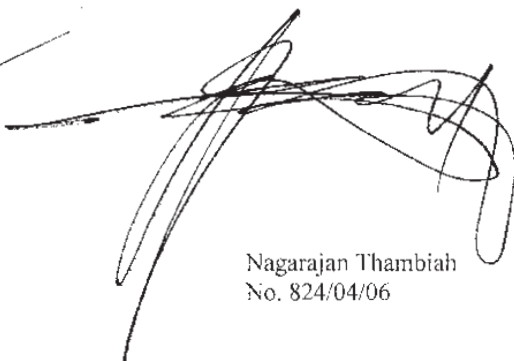
We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Perisai Petroleum Teknologi Bhd ("Perisai") and its subsidiaries (hereinafter referred to as the "Perisai Group") as at 31 December 2003, together with the notes and assumptions thereto, for which the Directors of Perisai are solely responsible, as set out in the accompanying statement (which we have stamped for the purpose of identification only) for the purpose of inclusion in this Prospectus to be dated 16 June 2004 in connection with the following proposals and should not be relied on for any other purposes.

- (i) the public issue of 52,000,000 new ordinary shares of RM0.10 each in Perisai at an issue price of RM0.33 per ordinary share comprising:
  - 20,800,000 new ordinary shares of RM0.10 each to be reserved for application by eligible directors and employees of Perisai and its subsidiary companies;
  - 29,120,000 new ordinary shares of RM0.10 each available for Private Placement; and
  - 2,080,000 new ordinary shares of RM0.10 each available for application by the Malaysian Public;and,
- (ii) the listing of and quotation for the entire enlarged issued and paid-up share capital of Perisai on the MESDAQ Market of the Bursa Malaysia Securities Berhad ("BMSB").

In our opinion, the Proforma Consolidated Balance Sheets of Perisai as at 31 December 2003 together with the notes thereto, which are provided for illustrative purposes only, have been properly compiled on a basis consistent with the accounting policies normally adopted by the Perisai Group and after taking into account adjustments appropriate for the purposes of the proforma consolidated balance sheets and are presented in a form suitable for inclusion in the Prospectus.

Yours faithfully,

  
KUMPULAN NAGA  
AF : 0024  
Chartered Accountants (M)

  
Nagarajan Thambiah  
No. 824/04/06



**KUMPULAN NAGA**

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13. **PROFORMA CONSOLIDATED BALANCE SHEET (Cont'd)****PROFORMA CONSOLIDATED BALANCE SHEETS**

The following proforma consolidated balance sheets of the Perisai Group which have been prepared solely for illustrative purposes are based on the audited financial statements of Perisai, subsidiaries and associated company as at 31 December 2003 and on the assumption that the scheme of the Perisai Group as stated in the accompanying notes, the Public Issue and utilisation of proceeds had been effected on 31 December 2003. The proforma balance sheets are to be read in conjunction with the notes thereto.

	<b>Perisai audited as at 31 December 2003 RM</b>	<b>Proforma I After the Acquisitions RM</b>	<b>Proforma II After Pro forma I and the Public Issue and utilisation of proceeds from the Public Issue RM</b>
<b>Property, plant and equipment</b>	-	4,107,428	4,107,428
<b>Intangible assets</b>	-	734,891	734,891
<b>Associated company</b>	-	1,500,000	1,500,000
<b>Goodwill</b>	-	4,710,536	4,710,536
<b>Development expenditure</b>	-	101,004	101,004
<b>Investment</b>	-	3,000,000	3,000,000
<b>CURRENT ASSETS</b>			
Inventories	-	2,177,285	2,177,285
Trade receivables	-	1,799,997	1,799,997
Other receivables	243,468	588,735	588,735
Deposits, bank and cash balances	2	6,631,060	22,591,060
	243,470	11,197,077	27,157,077
<b>CURRENT LIABILITIES</b>			
Trade and other payables	-	1,635,390	1,635,390
Other payables	246,968	1,596,528	1,596,528
Hire purchase creditors	-	168,303	168,303
Provision for taxation	-	1,821,022	1,821,022
	246,968	5,221,243	5,221,243
<b>NET CURRENT (LIABILITIES) / ASSETS</b>	<b>(3,498)</b>	<b>5,975,834</b>	<b>21,935,834</b>
	<b>(3,498)</b>	<b>20,129,693</b>	<b>36,089,693</b>

## 13. PROFORMA CONSOLIDATED BALANCE SHEET (Cont'd)

## PROFORMA CONSOLIDATED BALANCE SHEETS (Cont'd)

	Perisai audited as at 31 December 2003 RM	Proforma I After the Acquisitions RM	Proforma II After Pro forma I and the Public Issue and utilisation of proceeds from the Public Issue RM
<b>FINANCED BY:</b>			
Share capital	2	15,600,000	20,800,000
Share premium	-	-	10,760,000
Unappropriated profits	(3,500)	(3,500)	(3,500)
Shareholders' funds	(3,498)	15,596,500	31,556,500
Minority interest	-	3,641,138	3,641,138
Deferred taxation	-	112,489	112,489
Hire purchase creditors	-	779,566	779,566
	-	20,129,693	36,089,693
Net Tangible Assets per ordinary share	(175)	0.06	0.12

- The computation of the Perisai Group's net tangible assets also includes goodwill arising from the acquisition of Whizz Water Sdn. Bhd., an associated company, amounting to RM1,109,044.



**13. PROFORMA CONSOLIDATED BALANCE SHEET (Cont'd)****PROFORMA CONSOLIDATED BALANCE SHEETS (Cont'd)****BASIS OF PREPARATION**

The proforma consolidated balance sheets have been prepared for illustrative purposes only and are based on the audited financial statements of the subsidiaries and associated company of Perisai as at 31 December 2003 and based on the accounting policies consistent with those normally adopted in the preparation of the audited financial statements.

**Proforma I**

Proforma I presents the financial position of the Proforma Perisai Group after incorporating the effects of the acquisitions of the subsidiaries and associated company by the issuance of 156,000,000 new ordinary shares of RM0.10 each, for the acquisition of the following companies:

- a) 60% equity interest in Corro-Shield (M) Sdn. Bhd. ("CSSB") for a consideration of RM7,366,801;
- b) 100% equity interest in Romily (M) Sdn. Bhd. ("RMSB") for a consideration of RM2,600,000;
- c) 100% equity interest in Fibaroll (SEA) Sdn. Bhd. ("FSSB") for a consideration of RM3,103,197;
- d) 100% equity interest in Orinippon Trading Sdn. Bhd. ("OTSB") for a consideration of RM1,030,000
- e) 37.50% equity interest in Whizz Water Sdn. Bhd. ("WWSB") for a consideration of RM1,500,000.

The above acquisitions will also result in Impact Search Sdn. Bhd. ("ISSB") a wholly-owned subsidiary of OTSB, becoming a member of the Perisai Group.

**Proforma II**

Proforma II incorporates the effects of the public issue of 52,000,000 new ordinary shares of RM0.10 each at an issue price of RM 0.33 per ordinary share ("Issue Shares") payable in full on application comprising:

- (i) 20,800,000 Issue Shares will be made available for application by eligible directors and employees of Perisai and its subsidiary companies under the pink form allocation;
- (ii) 29,120,000 Issue Shares will be placed to eligible public investors identified by the Company and its placement agent; and
- (iii) 2,080,000 Issue Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions.

in conjunction with the listing of Perisai on the MESDAQ Market of Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad)

**13. PROFORMA CONSOLIDATED BALANCE SHEET (Cont'd)****PROFORMA CONSOLIDATED BALANCE SHEETS (Cont'd)**

Based on the public issue of 52,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.33 per share, the total gross proceeds to be raised from the public issue would amount to RM17,160,000. The utilisation of the total gross proceeds is as follows:

	<b>RM</b>
Working Capital	15,960,000*
Estimated listing expenses	1,200,000
<b>Total</b>	<b>17,160,000</b>

\* Of this amount, RM8 million to be utilised for research and development purposes, over a period of 24 months.

**SHARE CAPITAL ACCOUNT**

The movement on the issued and fully paid-up share capital will be as follows:

	<b>No. of Shares</b>	<b>Value (RM)</b>
As at 31 December 2003	20	2
Share issue on acquisition of subsidiaries and associated company (Proforma I)	155,999,980	15,599,998
Public issue (Proforma II)	52,000,000	5,200,000
<b>Total</b>	<b>208,000,000</b>	<b>20,800,000</b>

**SHARE PREMIUM ACCOUNT**

The movement on the share premium account will be as follows:

	<b>RM</b>
As at 31 December 2003	-
Premium arising from the public issue of 52,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.33 per share.	11,960,000
Estimated share issue expenses written off	(1,200,000)
<b>Total</b>	<b>10,760,000</b>