

## 14. FINANCIAL INFORMATION

### 14.1 Historical Financial Information

The following is a summary of the proforma consolidated results of ECB for the past five (5) financial years ended 31 March 2003 after such adjustments considered necessary based on the audited results of the companies comprising the ECB Group on the assumption that the structure of the ECB Group has been in existence throughout the years under review.

	←-----Year ended 31 March----->				
	1999 RM 000	2000 RM 000	2001 RM 000	2002 RM 000	2003 RM 000
Revenue	44,796	72,752	71,513	82,183	88,676
Profit before interest, depreciation and taxation	8,907 <sup>(1)</sup>	12,288 <sup>(1)</sup>	7,972	8,592	28,967
Interest expense	(146)	(150)	(196)	(180)	(489)
Depreciation	(899)	(998)	(988)	(937)	(1,023)
Share of profit in an associated company	3,687	5,881	7,567	9,538	8,199
Profit before taxation	11,549	17,021	14,355	17,013	35,654 <sup>(2)</sup>
Taxation	(1,373)	(3,748)	(7,202)	(5,120)	(11,869)
Profit after taxation	10,176	13,273	7,153	11,893	23,785
MI	(169)	37	(107)	(272)	(202)
Profit for the year attributable to shareholders	10,007	13,310	7,046	11,621	23,583
No. of ECB Shares assumed in issue <sup>(3)</sup> (000)	122,600	122,600	122,600	122,600	122,600
Gross EPS <sup>(4)</sup> (sen)	9.28	13.91	11.62	13.65	28.92
Net EPS <sup>(5)</sup> (sen)	8.16	10.86	5.75	9.48	19.24
Gross dividend rate (%)	-	-	-	700	-

**Notes:**

<sup>(1)</sup> The following adjustments in Equine have been adjusted for to the relevant years:

- (i) the change in accounting policy on profit recognition from progress billings method to cost method in the year of 1999; and
- (ii) the over estimation of gross profit margin of development projects in the years of 1999 and 2000.

<sup>(2)</sup> The increase in profit before taxation was mainly due to contributions from the sales of certain parcels of land.

<sup>(3)</sup> The number of ECB Shares assumed in issue is based on the issued and paid-up share capital of ECB after the Share Swap, Internal Reorganisation, Equine Acquisition and Debt Restructuring but before the Rights Issue and Offer for Sale.

<sup>(4)</sup> The gross EPS is computed based on PBT but after MI and divided by the number of ECB Shares assumed in issue.

<sup>(5)</sup> The net EPS is computed based on PAT and MI divided by the number of ECB Shares assumed in issue.

<sup>(6)</sup> There were no exceptional items and extraordinary items for the periods under review other than the write down of STS's long term leasehold land and KLIB's freehold land and building which amounted to approximately RM2,269,000 and RM5,314,000 respectively in year 2001.

## 14. FINANCIAL INFORMATION (CONT'D)

## 14.2 Segmental Analysis

## 14.2.1 Analysis of Revenue by Companies

Company	Year/Period ended 31 March				
	1999 RM 000	2000 RM 000	2001 RM 000	2002 RM 000	2003 RM 000
Equine <sup>(1)</sup>	43,327	71,796	70,372	81,046	87,281
KLIB	1,469	956	1,141	1,137	1,395
KLJH	-	-	-	-	-
STS	-	-	-	-	-
ECB	-	-	-	-	-
Group revenue	44,796	72,752	71,513	82,183	88,676

**Note:**

<sup>(1)</sup> The commendable performance in respect of the revenue for the years from 1999 to 2003 was mainly due to the increase in the development projects during the years/period under review. The improvement in the revenue was in tandem with the launching and commencement of the development works for the respective development projects.

## 14.2.2 Analysis of Profit before Taxation by Companies

Company	Year/Period ended 31 March				
	1999 RM 000	2000 RM 000	2001 RM 000	2002 RM 000	2003 RM 000
Equine <sup>(1)</sup>	8,471	11,988	14,428	7,274	27,049
KLJH <sup>(2)</sup>	3,687	5,881	7,567	9,538	8,199
KLIB <sup>(3)</sup>	(473)	(666)	(5,284)	321	636
STS <sup>(4)</sup>	(136)	(182)	(2,356)	(109)	(226)
ECB	-	-	-	(11)	(4)
Group profit before taxation	11,549	17,021	14,355	17,013	35,654

**Notes:**

<sup>(1)</sup> Generally, profit before taxation increased in line with the revenue. The higher profit before taxation recorded in years 2000 and 2001 was mainly due to the launching of a high profit margin project, namely Shetland Avenue during the years under review. Higher profit before taxation in 2003 was mainly contributed by the sales of certain parcels of land.

<sup>(2)</sup> KLJH's profit before taxation is derived from its share of profit in its associated company. The share of profit in the associated company increased throughout the years/period under review mainly due to aggressive marketing strategies undertaken by the associated company.

<sup>(3)</sup> The loss before taxation in 2001 is mainly due to write down on freehold land and building.

<sup>(4)</sup> The loss before taxation in 2001 is mainly due to write down on long term leasehold land.

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**14. FINANCIAL INFORMATION (CONT'D)**


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**14.3 Consolidated Profit Forecast for the Financial Year Ending 31 March 2004**

The Directors of ECB forecast that, in the absence of unforeseen circumstances, the consolidated profit before and after taxation for the year ending 31 March 2004 will be as follows:

<b>Financial year ending 31 March</b>	<b>Forecast 2004 RM 000</b>
Consolidated profit before taxation and MI	21,475
Taxation	(7,493)
MI	(62)
Consolidated profit after taxation and MI	<u>13,920</u>
Pre-acquisition profit	(6,382)
Consolidated profit after taxation, MI and pre-acquisition profit	<u><u>7,538</u></u>

**Scenario A****Net EPS (sen)**

- Based on the weighted average number of ordinary shares in issue of 88,015,968 ECB Shares assuming completion of the Rights Issue and Offer for Sale by 31 October 2003 and the consolidated profit after taxation, MI and pre-acquisition profit of RM7,538,000 8.56
- Based on the enlarged share capital of 149,938,321 ECB Shares and consolidated profit after taxation and MI of RM13,920,000 9.28

**Diluted Net EPS (sen)**

- Based on the weighted average number of ordinary shares in issue of 166,703,468 ECB Shares assuming completion of the Rights Issue and Offer for Sale by 31 October 2003, full conversion of ECB ICULS, ECB RCSLS A and ECB RCSLS B and the consolidated profit after taxation, MI and pre-acquisition profit of RM10,014,000 (after incorporating the interest savings of RM2,476,000 arising from the full conversion of ECB RCSLS A and ECB RCSLS B) 6.01

**Net PE Multiple (times)**

- Based on the issue price of RM1.00 per ECB Share and net EPS of 8.56 sen (on weighted average number of ordinary shares) 11.68
- Based on the issue price of RM1.00 per ECB Share and the net EPS of 9.28 sen (on enlarged share capital) 10.78

**Diluted Net PE Multiple (times)**

- Based on the issue price of RM1.00 per ECB Share and the diluted net EPS of 6.01 sen 16.64

**Scenario B****Net EPS (sen)**

- Based on the weighted average number of ordinary shares in issue of 87,041,669 ECB Shares assuming the completion of the Rights Issue and Offer for Sale by 31 October 2003 and the consolidated profit after taxation, MI and pre-acquisition profit of RM7,538,000 8.66
- Based on the enlarged share capital of 147,600,002 ECB Shares and consolidated profit after taxation and MI of RM13,920,000 9.43

## 14. FINANCIAL INFORMATION (CONT'D)

<b>Financial year ending 31 March</b>	<b>Forecast 2004 RM 000</b>
<b>Diluted Net EPS (sen)</b>	
- Based on the weighted average number of ordinary shares in issue of 165,729,169 ECB Shares assuming completion of the Rights Issue and Offer for Sale by 31 October 2003, full conversion of ECB ICULS, ECB RCSLS A and ECB RCSLS B and the consolidated profit after taxation, MI and pre-acquisition profit of RM10,014,000 (after incorporating the interest savings of RM2,476,000 arising from the full conversion of ECB RCSLS A and ECB RCSLS B)	6.04
<b>Net PE Multiple (times)</b>	
- Based on the issue price of RM1.00 per ECB Share and the net EPS of 8.66 sen (on weighted average number of ordinary shares)	11.55
- Based on the issue price of RM1.00 per ECB Share and the net EPS of 9.43 sen (on enlarged share capital)	10.60
<b>Diluted Net PE Multiple (times)</b>	
- Based on the issue price of RM1.00 per ECB Share and the diluted net EPS of 6.04 sen	16.56

The principal bases and assumptions upon which the above consolidated profit forecast has been made are as follows:

- (i) There will be no significant changes in the property market, which will adversely affect the development of the projects;
- (ii) There will be no significant changes in the prevailing economic and political conditions in Malaysia and overseas which will adversely affect the operations of the ECB Group;
- (iii) There will be no material changes in present legislation, Government policies or regulations, the regulations of the KLSE and guidelines of the regulatory authorities affecting the activities of the ECB Group or the markets in which it operates;
- (iv) There will be no major changes in the structure and the principal activities of the ECB Group;
- (v) There will be no significant changes in the key personnel, management and accounting policies from those presently adopted by the ECB Group;
- (vi) The demand for and prices of the product, sales mix, profit margins and services of the ECB Group as forecasted will not be affected to a material extent by changes in market conditions;
- (vii) There will be no significant changes in corporate tax rates, regulations or other levies from current levels. Taxation rate of 28% is provided on the assumption that the existing and future capital allowances on qualifying assets would be obtained;
- (viii) There will be no major industrial disputes or any other abnormal circumstances including exceptional bad debt which will adversely affect the operations of the ECB Group or the market in which it operates;
- (ix) Inflation rates, interest rates and exchange rates, including the pegging of RM3.80 to USD1.00 will remain at the current rate;
- (x) Financing facilities will remain available to the ECB Group with no significant changes in interest rates and repayment terms;

## 14. FINANCIAL INFORMATION (CONT'D)

- (xi) There will be no material deviation in accounting, management and trading policies adopted by the ECB Group that will adversely affect the performance of the ECB Group;
- (xii) There will be no material variations in infrastructure, construction and other related costs as forecasted and there will be no shortages in the supply of labour and materials that will delay the development of the projects;
- (xiii) There will be no major changes in the cost of raw materials, cost of goods purchased, labour and incidental costs which will adversely affect the operations of the ECB Group;
- (xiv) There will be no disruption in the supply of maintenance services by major suppliers and there will be no material changes in the prices that will adversely affect the activities of the ECB Group.
- (xv) There will be no material liabilities arising from any legal action instituted against the ECB Group during the forecast year;
- (xvi) Capital expenditure programmes will be implemented and incurred as scheduled and there will be no material acquisition or disposal of property, plant and equipment other than those planned;
- (xvii) Progress billings will be billed and collected in accordance with the payment schedule as forecasted and there will be no cancellation of existing sales that have been concluded;
- (xviii) There will be no delays in the launching of sales of property development projects. The volume, timing and pricing of the property development projects will be achieved as planned;
- (xix) Approvals from the relevant authorities for development projects will be obtained as planned and the development work will commence and be completed according to schedule;
- (xx) Properties held for rental are not expected to be sold within the forecast year and the assumed occupancy rate will be retained;
- (xxi) Upkeep and maintenance programmes for Wisma KLIH will be implemented and incurred as scheduled; and
- (xxii) The existing terms and conditions of contracts and agreements entered into by the ECB Group will remain in force.
- (xxiii) The consolidated profit after taxation, minority interests and pre-acquisition profit of ECB for the financial year ending 31 March 2004 includes the Group's share of the consolidated profit in PL as set out below:

	<b>Consolidated profit forecast 2004 RM 000</b>
Share of consolidated profit after taxation of PL	<u>3,843</u>

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**14. FINANCIAL INFORMATION (CONT'D)**

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PL is a significant associated company whose holding company, Pharmaniaga Berhad, is listed on the Main Board of the KLSE. The Group's share of consolidated profit in PL is derived using equity accounting representing 30% equity interest of KLIH in PL. It is assumed that the results of PL will be as forecasted.

The consolidated profit forecast has been prepared on bases and accounting policies consistent with those previously adopted in the preparation of the audited financial statements of ECB, Equine and KLIH.

**14.4 Directors' Comments on the Consolidated Profit Forecast for the Financial Year Ending 31 March 2004**

For the year ending 31 March 2004, the ECB Group is forecasted to achieve a consolidated profit before taxation and MI and consolidated profit after taxation, MI and pre-acquisition profit of approximately RM21.5 million and RM7.5 million respectively, on the back of the Group's revenue of approximately RM177.0 million. The substantial increase in revenue is mainly due to the high revenue to be recognised from Equine's existing property development projects as well as from property development projects to be launched in the second half of the financial year ending 31 March 2004.

The consolidated profit forecast has taken into effect of the revaluation surplus into the property development cost arising from the valuation amounts approved by the SC. Assuming the revaluation surplus is not incorporated into the property development cost, the ECB Group would have made a consolidated profit after taxation, MI and pre-acquisition profit of RM17.0 million.

The Directors of ECB have reviewed and analysed the reasonableness of the bases and assumptions used in arriving at the consolidated profit forecast for the financial year ending 31 March 2004 and are of the opinion that the consolidated profit forecast for the financial year ending 31 March 2004 to be true and fair in light of the future prospects of the industry, future plans and strategies, level of gearing, liquidity and working capital requirements to be adopted by the ECB Group.

**14.5 Sensitivity Analysis**

The principal bases and assumptions which have been varied for the purpose of the sensitivity analysis on the consolidated profit forecast are as follows:

- (a) Revenue will vary  $\pm 5%$ ,  $\pm 10%$  and  $\pm 15%$  from the base case.
- (b) The Group's gross margin of its operation will be maintained at the same percentage.
- (c) The overhead expenses will be maintained.
- (d) Except for the assumptions in (a), (b) and (c), the same assumptions as for the base case shall apply.

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**14. FINANCIAL INFORMATION (CONT'D)**


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**Effect in the forecast consolidated profit after taxation, MI and pre-acquisition profit**

Financial year ending 31 March	2004 RM 000
+15%	9,223
+10%	8,661
+5%	8,099
<b>Base case</b>	<b>7,538</b>
-5%	6,975
-10%	6,413
-15%	5,850

**Deviation from the forecast consolidated profit after taxation, MI and pre-acquisition profit in terms of percentage**

Financial year ending 31 March	2004 (%)
+15%	22
+10%	15
+5%	7
<b>Base case</b>	<b>0</b>
-5%	7
-10%	15
-15%	22

Based on the above assumptions, the sensitivity analysis shows that the ECB Group will still remain profitable over the forecast period despite a 5%, 10% and 15% downward variation in revenue.

14. FINANCIAL INFORMATION (CONT'D)

14.6 Reporting Accountants' Letter on the Consolidated Profit Forecast for the Financial Year Ending 31 March 2004



**BDO Binder** (AF 0206)  
Chartered Accountants

15th Floor Wisma Hamzah Kwong Hing  
No. 1 Leboh Ampang 50100 Kuala Lumpur  
Malaysia  
Telephone : (603) 2055 8888  
Telefax : (603) 2078 7045, 2078 8949  
Website : www.bdo-malaysia.com

Our Ref : BDOB/TKL/DS/JC/THS

12 September 2003

The Board of Directors  
Equine Capital Berhad  
C-15-1, Level 15, Tower C  
Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur

Dear Sirs

**EQUINE CAPITAL BERHAD ("ECB")  
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31  
MARCH 2004**

We have reviewed the consolidated profit forecast of ECB for the financial year ending 31 March 2004 as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the standard [ISA 810] applicable to the review of forecasts. The consolidated profit forecast has been prepared for the inclusion in the Prospectus to be dated 23 September 2003 in conjunction with the:

- (a) Renounceable rights issue of up to 27,338,319 new ordinary shares of RM1.00 each in ECB ("ECB Shares") at an issue price of RM1.00 per ordinary share to the entitled shareholders of ECB on the basis of nine (9) ECB Shares for every one (1) existing ECB Share held;
- (b) Offer for sale by Anuarul Azizan Chew Consulting Sdn. Bhd., the agent for the unsecured creditors of Kuala Lumpur Industries Holdings Berhad (Special Administrators Appointed) ("KLIH"), of up to 24,962,409 ECB Shares to the Malaysian public at an offer price of RM1.00 per ordinary share; and
- (c) Listing of and quotation for the entire issued and paid-up share capital of ECB on the Main Board of the Kuala Lumpur Stock Exchange.

Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors of ECB and is presented on a basis consistent with the accounting policies adopted by ECB and its subsidiaries ("the Group"). The Directors of ECB are solely responsible for the preparation and presentation of the consolidated profit forecast and the assumptions on which the forecast is based.



14. FINANCIAL INFORMATION (CONT'D)



Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the consolidated profit forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

As mentioned in item 23 of the assumptions for the preparation of the consolidated profit forecast of ECB, the forecast of Pharmaniaga Logistics Sdn. Bhd. (formerly known as Remedi Pharmaceuticals (M) Sdn. Bhd.) ("PL") which contributes significantly to the Group's results is included on the basis of 30% equity interest of KLIH in PL and that it is assumed that the results of PL will be as forecasted. We have not performed a review of the bases and assumptions used in the preparation of the forecast submitted by PL and therefore do not express an opinion on the same.

Subject to the matter as set out in the foregoing paragraph:

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- (ii) in our opinion, the consolidated profit forecast of ECB for the financial year ending 31 March 2004, so far as the calculations are concerned, is properly prepared on the basis of assumptions made by the Directors and is presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully

**BDO Binder**  
AF : 0206  
Chartered Accountants

**Siew Kah Toong**  
1045/03/04 (J)  
Partner

## 14. FINANCIAL INFORMATION (CONT'D)

**EQUINE CAPITAL BERHAD ("ECB")  
 CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31  
 MARCH 2004 WITH THE PRINCIPAL BASES AND ASSUMPTIONS THERETO**

The Directors of ECB forecast that, barring unforeseen circumstances, the consolidated profit forecast of ECB for the financial year ending 31 March 2004 will be as follows:

	<b>Consolidated profit forecast 2004 RM'000</b>
Revenue	<u>176,970</u>
Consolidated profit before taxation	21,475
Less: Taxation	(7,493)
Consolidated profit after taxation	<u>13,982</u>
Less: Minority interests	(62)
Consolidated profit after taxation and minority interests	13,920
Less: Pre-acquisition profit	(6,382)
Consolidated profit after taxation, minority interests and pre-acquisition profit	<u>7,538</u>

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 Chartered Accountants  
 Kuala Lumpur

## 14. FINANCIAL INFORMATION (CONT'D)

< ----- Consolidated ----- >  
profit forecast 2004

Scenario A	Scenario B
<i>Maximum subscription of RM27,338,319 for the Rights Issue</i>	<i>Minimum subscription of RM25,000,000 for the Rights Issue</i>

Based on the consolidated profit after taxation, minority interests and pre-acquisition profit of approximately RM7,538,000 over the weighted average number of ordinary shares in issue:

- Net earnings per share ("EPS") (Sen)	8.56 <sup>(1)</sup>	8.66 <sup>(4)</sup>
- Net price per earnings ("PE") multiple based on the Offer for Sale of RM1.00 per share (times)	11.68	11.55

Based on the adjusted consolidated profit after taxation, minority interests and pre-acquisition profit of approximately RM10,014,000 (after incorporating the interest savings of RM2,476,000) over the weighted average number of ordinary shares in issue:

- Diluted net EPS (Sen)	6.01 <sup>(2)</sup>	6.04 <sup>(5)</sup>
- Diluted net PE multiple based on the Offer for Sale of RM1.00 per share (times)	16.64	16.56

Based on the consolidated profit after taxation and minority interests of approximately RM13,920,000 over the enlarged share capital:

- Net EPS (Sen)	9.28 <sup>(3)</sup>	9.43 <sup>(6)</sup>
- Net PE multiple based on the Offer for Sale of RM1.00 per share (times)	10.78	10.60

## Notes:

- (1) Based on the weighted average number of ordinary shares in issue of 88,015,968 assuming completion of the Rights Issue by 31 October 2003.
- (2) Based on the weighted average number of ordinary shares in issue of 166,703,468 assuming completion of the Rights Issue by 31 October 2003 and the conversion of irredeemable convertible unsecured loan stocks ("ECB ICULS"), redeemable convertible secured loan stocks A ("ECB RCSLS A") and redeemable convertible secured loan stocks B ("ECB RCSLS B").
- (3) Based on the enlarged share capital of ordinary shares in issue of 149,938,321 assuming completion of the Rights Issue by 31 October 2003.
- (4) Based on the weighted average number of ordinary shares in issue of 87,041,669 assuming completion of the Rights Issue by 31 October 2003.
- (5) Based on the weighted average number of ordinary shares in issue of 165,729,169 assuming completion of the Rights Issue by 31 October 2003 and the conversion of ECB ICULS, ECB RCSLS A and ECB RCSLS B.
- (6) Based on the enlarged share capital of ordinary shares in issue of 147,600,002 assuming completion of the Rights Issue by 31 October 2003.

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**14. FINANCIAL INFORMATION (CONT'D)**

The principal bases and assumptions upon which the forecast has been made are set out below:

1. There will be no significant changes in the property market, which will adversely affect the development of the projects.
2. There will be no significant changes in the prevailing economic and political conditions in Malaysia and overseas which will adversely affect the operations of ECB and its subsidiaries ("the Group").
3. There will be no material changes in present legislation, Government policies or regulations, the regulations of the Kuala Lumpur Stock Exchange ("KLSE") and guidelines of the regulatory authorities affecting the activities of the Group or the markets in which it operates.
4. There will be no major changes in the structure and the principal activities of the Group.
5. There will be no significant changes in the key personnel, management and accounting policies from those presently adopted by the Group.
6. The demand for and prices of the product, sales mix, profit margins and services of the Group as forecasted will not be affected to a material extent by changes in market conditions.
7. There will be no significant changes in corporate tax rates, regulations or other levies from current levels. Taxation rate of 28% is provided on the assumption that the existing and future capital allowances on qualifying assets would be obtained.
8. There will be no major industrial disputes or any other abnormal circumstances including exceptional bad debt which will adversely affect the operations of the Group or the market in which it operates.
9. Inflation rates, interest rates and exchange rates, including the pegging of RM3.80 to USD1.00 will remain at the current rate.
10. Financing facilities will remain available to the Group with no significant changes in interest rates and repayment terms.
11. There will be no material deviation in accounting, management and trading policies adopted by the Group that will adversely affect the performance of the Group.
12. There will be no material variations in infrastructure, construction and other related costs as forecasted and there will be no shortages in the supply of labour and materials that will delay the development of the projects.
13. There will be no major changes in the cost of raw materials, cost of goods purchased, labour and incidental costs which will adversely affect the operations of the Group.

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**14. FINANCIAL INFORMATION (CONT'D)**

14. There will be no disruption in the supply of maintenance services by major suppliers and there will be no material changes in the prices that will adversely affect the activities of the Group.
15. There will be no material liabilities arising from any legal action instituted against the Group during the forecast year.
16. Capital expenditure programmes will be implemented and incurred as scheduled and there will be no material acquisition or disposal of property, plant and equipment other than those planned.
17. Progress billings will be billed and collected in accordance with the payment schedule as forecasted and there will be no cancellation of existing sales that have been concluded.
18. There will be no delays in the launching of sales of property development projects. The volume, timing and pricing of the property development projects will be achieved as planned.
19. Approvals from the relevant authorities for development projects will be obtained as planned and the development work will commence and be completed according to schedule.
20. Properties held for rental are not expected to be sold within the forecast year and the assumed occupancy rate will be retained.
21. Upkeep and maintenance programmes for Wisma KLIH will be implemented and incurred as scheduled.
22. The existing terms and conditions of contracts and agreements entered into by the Group will remain in force.
23. The consolidated profit after taxation, minority interests and pre-acquisition profit of ECB for the financial year ending 31 March 2004 includes the Group's share of the consolidated profit in Pharmaniaga Logistics Sdn. Bhd. (formerly known as Remedi Pharmaceuticals (M) Sdn. Bhd.) ("PL") as set out below:

	<b>Consolidated profit forecast 2004  RM'000</b>
Share of consolidated profit after taxation of PL	3,843

PL is a significant associated company whose holding company, Pharmaniaga Berhad, is listed on the Main Board of the KLSE. The Group's share of consolidated profit in PL is derived using equity accounting representing 30% equity interest of Kuala Lumpur Industries Holdings Berhad (Special Administrators Appointed) in PL. It is assumed that the results of PL will be as forecasted.

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Kuala Lumpur

## 14. FINANCIAL INFORMATION (CONT'D)

### 14.7 Dividend Forecast and Policy

It is the policy of the Directors of ECB in recommending dividends to allow shareholders to participate in the profit of the Company while leaving sufficient reserves for the future growth of the Company.

The Directors of ECB are of the opinion that it would be more beneficial for ECB to conserve any excess cash flow for the future expansion of the Group. Accordingly, the Directors of ECB do not expect to declare any dividends for the financial year ending 31 March 2004.

### 14.8 Proforma Consolidated Balance Sheets as at 31 March 2003

The Proforma Consolidated Balance Sheets of ECB as at 31 March 2003 set out below are provided for illustrative purposes only to show the effects on the NTA per share of ECB had the Proposals been effected on that date:

	Audited as at 31.03.03 RM 000	After the Share Swap, Internal Reorganisation, Equine Acquisition and Debt Restructuring		After the Rights Issue and Offer for Sale and utilisation of proceeds from the Rights Issue		After the full conversion of the ECB ICULS, ECB RCSLS A and ECB RCSLS B	
		RM 000	RM 000	Scenario A RM 000	Scenario B RM 000	Scenario A RM 000	Scenario B RM 000
<b>Assets employed</b>							
Property, plant and equipment	-	23,747	23,747	23,747	23,747	23,747	23,747
Investment in an associated company	-	40,258	40,258	40,258	40,258	40,258	40,258
Other long term investments	-	1	1	1	1	1	1
Long term trade receivable	-	20,699	20,699	20,699	20,699	20,699	20,699
Land and development properties	-	209,190	209,190	209,190	209,190	209,190	209,190
Goodwill on consolidation	-	12,477	12,477	12,477	12,477	12,477	12,477
<b>Current assets</b>							
Land and development properties	-	56,587	56,587	56,587	56,587	56,587	56,587
Inventories	-	36,661	36,661	36,661	36,661	36,661	36,661
Trade receivables	-	36,469	36,469	36,469	36,469	36,469	36,469
Other receivables and deposits	-	14,954	14,954	14,954	14,954	14,954	14,954
Fixed deposits, cash and bank balances	-	3,773	15,155	12,817	15,155	12,817	12,817
	-	148,444	159,826	157,488	159,826	157,488	157,488
<b>Current liabilities</b>							
Trade payables	-	45,086	45,086	45,086	45,086	45,086	45,086
Other payables and accruals	15	31,496	23,751	23,751	23,751	23,751	23,751
Hire purchase and lease creditors	-	353	353	353	353	353	353
Short term borrowings	-	43,717	35,506	35,506	35,506	35,506	35,506
Taxation	-	17,843	17,843	17,843	17,843	17,843	17,843
	15	138,495	122,539	122,539	122,539	122,539	122,539
<b>Net current (liabilities)/ assets</b>	(15)	9,949	37,287	34,949	37,287	34,949	34,949
	(15)	316,321	343,659	341,321	343,659	341,321	341,321
<b>Financed by</b>							
Share capital	( <sup>0</sup> )	122,600	149,938	147,600	275,838	273,500	
ECB RCSLS A (Equity component)	-	727	727	727	-	-	
ECB RCSLS B (Equity component)	-	448	448	448	-	-	
ECB ICULS	-	77,400	77,400	77,400	-	-	
Reserves	(15)	(15)	(15)	(15)	(15)	(15)	
(Capital deficiency) Shareholders' equity	(15)	201,160	228,498	226,160	275,823	273,485	
Minority interests	-	9	9	9	9	9	
ECB RCSLS A	-	28,991	28,991	28,991	-	-	
ECB RCSLS B	-	17,878	17,878	17,878	-	-	

## 14. FINANCIAL INFORMATION (CONT'D)

	Audited as at 31.03.03 RM 000	After the Share Swap, Internal Reorganisation, Equine Acquisition and Debt Restructuring RM 000	After the Rights Issue and Offer for Sale and utilisation of proceeds from the Rights Issue		After the full conversion of the ECB ICULS, ECB RCSLS A and ECB RCSLS B	
			Scenario A RM 000	Scenario B RM 000	Scenario A RM 000	Scenario B RM 000
<b>Long term and deferred liabilities</b>						
Long term borrowings	-	14,442	14,442	14,442	14,442	14,442
Hire purchase and lease creditors	-	513	513	513	513	513
Deferred taxation	-	53,328	53,328	53,328	52,872	52,872
	(15)	316,321	343,659	341,321	343,659	341,321
NTA (RM 000)	N/A	188,683	216,021	213,683	263,346	261,008
NTA per ordinary share (RM)	N/A	1.54	1.44	1.45	0.95	0.95

**Notes:**

N/A Not applicable.

(i) Consists of two (2) ordinary shares of RM1.00 each.

14. FINANCIAL INFORMATION (CONT'D)

14.9 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets



**BDO Binder** (AF 0206)  
Chartered Accountants

15th Floor Wisma Hamzah Kwong Hing  
No. 1 Leboh Ampang 50100 Kuala Lumpur  
Malaysia  
Telephone : (603) 2055 8888  
Telefax : (603) 2078 7045, 2078 8949  
Website : www.bdo-malaysia.com

Our Ref : BDOB/TKL/DS/JC/THS

12 September 2003

The Board of Directors  
Equine Capital Berhad  
C-15-1, Level 15, Tower C  
Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur

Dear Sirs

**EQUINE CAPITAL BERHAD ("ECB")**  
**PROFORMA CONSOLIDATED BALANCE SHEETS**

We have reviewed the presentation of the proforma consolidated balance sheets of ECB as at 31 March 2003, together with the notes thereon as set out in the accompanying statement for which the Directors of ECB are solely responsible. The proforma consolidated balance sheets have been prepared for the inclusion in the Prospectus to be dated 23 September 2003 in conjunction with the:

- (a) Renounceable rights issue of up to 27,338,319 new ordinary shares of RM1.00 each in ECB ("ECB Shares") at an issue price of RM1.00 per ordinary share to the entitled shareholders of ECB on the basis of nine (9) ECB Shares for every one (1) existing ECB Share held;
- (b) Offer for sale by Anuarul Azizan Chew Consulting Sdn. Bhd., the agent for the unsecured creditors of Kuala Lumpur Industries Holdings Berhad (Special Administrators Appointed), of up to 24,962,409 ECB Shares to the Malaysian public at an offer price of RM1.00 per ordinary share; and
- (c) Listing of and quotation for the entire issued and paid-up share capital of ECB on the Main Board of the Kuala Lumpur Stock Exchange.

In our opinion:

- (i) the proforma consolidated balance sheets of ECB as at 31 March 2003, which are prepared for illustrative purposes only, have been properly compiled on the basis set out in the notes to the proforma consolidated balance sheets and such basis is consistent with the accounting policies adopted by ECB; and



---

14. **FINANCIAL INFORMATION (CONT'D)**

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- (ii) the adjustments to the consolidated balance sheets of ECB as at 31 March 2003 are appropriate for the purposes of the proforma consolidated balance sheets.

Yours faithfully

*BDO Binder*

**BDO Binder**  
AF : 0206  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Siew Kah Toong', written over a horizontal line.

**Siew Kah Toong**  
1045/03/04 (J)  
Partner

## 14. FINANCIAL INFORMATION (CONT'D)

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Chartered Accountants  
Kuala Lumpur

**EQUINE CAPITAL BERHAD ("ECB")  
PROFORMA CONSOLIDATED BALANCE SHEETS  
AS AT 31 MARCH 2003**

	PROFORMA			
	I	II	III	
As at 31 March 2003 (Audited) RM'000	After Share Swap and Internal Reorganisation RM'000	After (I) and Equine Acquisition RM'000	After (II) and Debt Restructuring RM'000	
<b>ASSETS EMPLOYED</b>				
PROPERTY, PLANT AND EQUIPMENT	-	18,459	23,945	23,747
INVESTMENT IN AN ASSOCIATED COMPANY	-	40,258	40,258	40,258
OTHER LONG TERM INVESTMENTS	-	-	1	1
INVESTMENT PROPERTIES	-	8,785	8,785	-
LONG TERM TRADE RECEIVABLE	-	-	20,699	20,699
LAND AND DEVELOPMENT PROPERTIES	-	99,977	295,540	209,190
GOODWILL ON CONSOLIDATION	-	407,823	398,040	12,477
<b>CURRENT ASSETS</b>				
Land and development properties	-	67,726	124,313	56,587
Property, plant and equipment	-	6,149	6,149	-
Short term investments	-	947	947	-
Inventories	-	19,424	56,085	36,661
Trade receivables	-	4,578	41,047	36,469
Other receivables and deposits	-	6,622	21,506	14,954
Fixed deposits, cash and bank balances	-	1,233	4,979	3,773
	-	106,679	255,026	148,444
<b>CURRENT LIABILITIES</b>				
Trade payables	-	49,917	94,873	45,086
Other payables and accruals	15	273,882	297,251	31,496
Hire-purchase and lease creditors	-	244	597	353
Short term borrowings	-	323,600	358,583	43,717
Taxation	-	6,050	23,893	17,843
	15	653,693	775,197	138,495
NET CURRENT (LIABILITIES)/ASSETS	(15)	(547,014)	(520,171)	9,949
	(15)	28,288	267,097	316,321
<b>FINANCED BY</b>				
SHARE CAPITAL	(1)	3,038	97,638	122,600
IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ECB ICULS")	-	-	77,400	77,400
REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("ECB RCSLS") <sup>(2)</sup> (Equity element)	-	-	-	727
- ECB RCSLS A	-	448	448	448
- ECB RCSLS B	-	-	-	-
RESERVES	(15)	(15)	(15)	(15)
(CAPITAL DEFICIENCY)/SHAREHOLDERS' EQUITY	(15)	3,471	175,471	201,160
MINORITY INTERESTS	-	4,950	4,959	9
REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("ECB RCSLS") <sup>(2)</sup> (Liability element)	-	-	-	28,991
- ECB RCSLS A	-	-	-	-
- ECB RCSLS B	-	17,878	17,878	17,878
<b>LONG TERM AND DEFERRED LIABILITIES</b>				
Long term borrowings	-	-	14,442	14,442
Hire-purchase and lease creditors	-	-	513	513
Deferred taxation	-	1,989	53,834	53,328
	(15)	28,288	267,097	316,321
Net tangible assets per ordinary share in issue (RM)	N/A	N/A	N/A	1.54
Net tangible assets per share (RM)	N/A	N/A	N/A	0.94 <sup>(3)</sup>

## Notes:

- (1) Consist of two (2) ordinary shares of RM1.00 each.
- (2) The ECB RCSLS A and ECB RCSLS B which contain both a liability and an equity element have been classified separately in accordance with the requirements of MASB 24 - Financial Statements: Disclosure and Presentation.
- (3) Based on enlarged share capital of ECB assuming the full conversion of the ECB ICULS but before conversion of the ECB RCSLS A and ECB RCSLS B.

## 14. FINANCIAL INFORMATION (CONT'D)

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**EQUINE CAPITAL BERHAD ("ECB")  
PROFORMA CONSOLIDATED BALANCE SHEETS (Continued)  
AS AT 31 MARCH 2003**

	PROFORMA			
	IV(a)	IV(b)	V(a)	V(b)
	After (III), Rights Issue, Offer for Sale and utilisation of proceeds from the Rights Issue	After (III), Rights Issue, Offer for Sale and utilisation of proceeds from the Rights Issue	After (IV)(a) and conversion of ECB ICULS, ECB RCSLS A and ECB RCSLS B	After (IV)(b) and conversion of ECB ICULS, ECB RCSLS A and ECB RCSLS B
	RM'000	RM'000	RM'000	RM'000
<b>ASSETS EMPLOYED</b>				
PROPERTY, PLANT AND EQUIPMENT	23,747	23,747	23,747	23,747
INVESTMENT IN AN ASSOCIATED COMPANY	40,258	40,258	40,258	40,258
OTHER LONG TERM INVESTMENTS	1	1	1	1
INVESTMENT PROPERTIES	-	-	-	-
LONG TERM TRADE RECEIVABLE	20,699	20,699	20,699	20,699
LAND AND DEVELOPMENT PROPERTIES	209,190	209,190	209,190	209,190
GOODWILL ON CONSOLIDATION	12,477	12,477	12,477	12,477
<b>CURRENT ASSETS</b>				
Land and development properties	56,587	56,587	56,587	56,587
Property, plant and equipment	-	-	-	-
Short term investments	-	-	-	-
Inventories	36,661	36,661	36,661	36,661
Trade receivables	36,469	36,469	36,469	36,469
Other receivables and deposits	14,954	14,954	14,954	14,954
Fixed deposits, cash and bank balances	15,155	12,817	15,155	12,817
	159,826	157,488	159,826	157,488
<b>CURRENT LIABILITIES</b>				
Trade payables	45,086	45,086	45,086	45,086
Other payables and accruals	23,751	23,751	23,751	23,751
Hire-purchase and lease creditors	353	353	353	353
Short term borrowings	35,506	35,506	35,506	35,506
Taxation	17,843	17,843	17,843	17,843
	122,539	122,539	122,539	122,539
<b>NET CURRENT ASSETS</b>	37,287	34,949	37,287	34,949
	343,659	341,321	343,659	341,321
<b>FINANCED BY</b>				
SHARE CAPITAL	149,938	147,600	275,838	273,500
IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ECB ICULS")	77,400	77,400	-	-
REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("ECB RCSLS") <sup>(2)</sup> (Equity element)				
- ECB RCSLS A	727	727	-	-
- ECB RCSLS B	448	448	-	-
RESERVES	(15)	(15)	(15)	(15)
SHAREHOLDERS' EQUITY	228,498	226,160	275,823	273,485
MINORITY INTERESTS	9	9	9	9
REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("ECB RCSLS") <sup>(2)</sup> (Liability element)				
- ECB RCSLS A	28,991	28,991	-	-
- ECB RCSLS B	17,878	17,878	-	-
<b>LONG TERM AND DEFERRED LIABILITIES</b>				
Long term borrowings	14,442	14,442	14,442	14,442
Hire-purchase and lease creditors	513	513	513	513
Deferred taxation	53,328	53,328	52,872	52,872
	343,659	341,321	343,659	341,321
<i>Net tangible assets per ordinary share in issue (RM)</i>	1.44	1.45	0.95	0.95
<i>Net tangible assets per share (RM)</i>	0.95 <sup>(3)</sup>	0.95 <sup>(3)</sup>	0.95	0.95

## Notes:

- (2) The ECB RCSLS A and ECB RCSLS B which contain both a liability and an equity element have been classified separately in accordance with the requirements of MASB 24 – Financial Statements: Disclosure and Presentation.
- (3) Based on enlarged share capital of ECB assuming the full conversion of the ECB ICULS but before conversion of the ECB RCSLS A and ECB RCSLS B.

**14. FINANCIAL INFORMATION (CONT'D)****NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF ECB AS AT 31 MARCH 2003****(A) BASIS OF PREPARATION**

The proforma consolidated balance sheets of ECB, for which the Directors of ECB are solely responsible, are for illustrative purposes only and have been prepared based on:

- (1) the audited balance sheet of ECB as at 31 March 2003;
- (2) the audited consolidated balance sheet of Taman Equine (M) Sdn. Bhd. ("Equine") as at 31 March 2003;
- (3) the audited consolidated balance sheet of Kuala Lumpur Industries Holdings Berhad (Special Administrators Appointed) ("KLIH") as at 31 March 2002; and
- (4) accounting principles and basis consistent with those previously adopted in the preparation of the audited financial statements, to show the effects of the following events on the assumption that they are completed on 31 March 2003.

**(B) PROFORMA I**

The proforma consolidated balance sheet is stated after:

- (a) the incorporation of KLIH Debt Management Sdn. Bhd. ("KDM"), a company with an issued and paid-up share capital of RM2.00 comprising two (2) ordinary shares of RM1.00 each to facilitate the implementation of the Corporate and Debt Restructuring Exercise of KLIH ("the Proposals");
- (b) the share swap of the entire Consolidated Shares of KLIH comprising 3,037,591 ordinary shares of RM1.00 each (as detailed in Appendix 1) with 3,037,591 new ordinary shares of RM1.00 each in ECB ("ECB Shares"), on the basis of one (1) new ECB Share in exchange for every one (1) Consolidated Share held in KLIH ("Share Swap"). Upon completion of the Share Swap, KLIH will become a wholly-owned subsidiary of ECB; and
- (c) the internal reorganisation which involves the acquisition of Kuala Lumpur Industries Berhad (Special Administrators Appointed) ("KLIB") and Syarikat Tenaga Sahabat Sdn. Bhd. ("STS") by ECB ("Internal Reorganisation"). KLIB is a wholly-owned subsidiary of KLIH while STS is a wholly-owned subsidiary of Bee Hin Holdings Sdn. Bhd. (Special Administrators Appointed) ("BHH"), another wholly-owned subsidiary of KLIH. Details of the acquisition of KLIB and STS are as follows:

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**14. FINANCIAL INFORMATION (CONT'D)****(i) KLIB Acquisition**

ECB acquires the entire issued and paid-up share capital of KLIB comprising 65,538,000 ordinary shares of RM1.00 each from KLIH for a nominal consideration of RM1.00 ("KLIB Acquisition"). As part of the KLIB Acquisition, ECB will issue RM18,500,000 nominal value redeemable convertible secured loan stocks B ("ECB RCSLS B") to the secured creditor of KLIB as partial settlement of the amount owing by KLIB of approximately RM28.36 million; and

**(ii) STS Acquisition**

ECB acquires the entire issued and paid-up share capital of STS comprising 740,000 ordinary shares of RM1.00 each from BHH for a total cash consideration of RM3,027,000 ("STS Acquisition"). As part of the STS Acquisition, ECB will also settle the amount owing by STS to KLIH of RM8,972,000 by way of cash to KLIH from the proceeds of the Rights Issue as detailed in Proforma IV below.

The total cash proceeds of RM8,972,000 and RM543,000 (pursuant to the BHH proposal) to be received by KLIH will be utilised to repay the preferential and essential creditors of KLIH and its subsidiaries ("the KLIH Group"), unsecured creditors of KLIH and for the working capital of the KLIH Group as follows:

	<b>RM'000</b>
Settlement of preferential and essential creditors of the KLIH Group	1,477
Repayment to the unsecured creditors of KLIH	6,038
Working capital of the KLIH Group	2,000
	<u>9,515</u>

**(C) PROFORMA II**

The proforma consolidated balance sheet is stated after Proforma I and the acquisition of the entire issued and paid-up share capital of Equine comprising 12,002,150 ordinary shares of RM1.00 each by ECB for a total purchase consideration of RM172,000,000 ("Equine Acquisition") to be satisfied by the issuance of 94,600,000 new ECB Shares at an issue price of RM1.00 per ECB Share and RM77,400,000 nominal value irredeemable convertible unsecured loan stocks in ECB ("ECB ICULS").

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**14. FINANCIAL INFORMATION (CONT'D)****(D) PROFORMA III**

The proforma consolidated balance sheet is stated after Proforma II and the debt restructuring on KLIH's outstanding liabilities of approximately RM925.20 million ("Outstanding Liabilities") as at 30 September 2000. The Outstanding Liabilities comprise amounts due of approximately RM1.48 million to preferential and essential creditors and RM923.72 million to unsecured creditors. The settlement of the preferential and essential creditors will be in full and in cash. The unsecured creditors will recover RM270.19 million, of which RM181.92 million will be from the realisation of pledged assets of subsidiaries and associated companies of KLIH and from the proposals of BHH, KLIB and Sistem Irama Sdn. Bhd. (Special Administrators Appointed), and the balance of RM88.27 million from the Proposals. Pursuant to the Proposals, any balance Outstanding Liabilities not recovered from the sale of assets and repayment in the Proposals shall be extinguished.

The Outstanding Liabilities are to be settled as follows ("Debt Restructuring"):

**(a) Transfer**

Save for the 30% equity interest in Pharmaniaga Logistics Sdn. Bhd. (formerly known as Remedi Pharmaceuticals (M) Sdn. Bhd.) ("PL"), STS and KLIB, KLIH shall transfer all its other assets (including subsidiaries and associated companies) and novate all its liabilities to KDM ("Transfer").

**(b) Repayment**

In consideration of the Transfer, the unsecured creditors of KLIH shall receive the following on a pro-rata basis:

- (i) cash amounting to RM6,038,000 (from the STS Acquisition as detailed in the Proforma I (c)(ii) above);
- (ii) 24,962,409 new ECB Shares at an issue price of RM1.00 per ECB Share;
- (iii) RM30,000,000 nominal value redeemable convertible secured loan stocks A in ECB ("ECB RCSLS A"); and
- (iv) the proceeds to be realised from the sale of the assets transferred to KDM (as detailed in (c) below) which is estimated at RM27,268,000.

**(c) Liquidation**

Upon completion of the Transfer, KDM will be liquidated. A programmed disposal of the assets transferred from KLIH would be undertaken with the estimated proceeds of approximately RM27,268,000 being distributed back to the unsecured creditors of KLIH transferred to KDM on a pro-rata basis.

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**14. FINANCIAL INFORMATION (CONT'D)****(E) PROFORMA IV**

The proforma consolidated balance sheet is stated after Proforma III and the incorporation of a rights issue to the entitled shareholders of ECB on the basis of nine (9) new ECB Shares for every one (1) ECB Share held after the Share Swap at RM1.00 per ordinary share ("Rights Issue").

Based on the 3,037,591 ECB Shares issued to the entitled shareholders of ECB pursuant to the Share Swap, a total of up to 27,338,319 new ECB Shares would be issued pursuant to the Rights Issue.

The Rights Issue will be subject to a minimum subscription amount of RM25,000,000 or 25,000,000 ECB Shares.

The proceeds of between RM25,000,000 and RM27,338,319 to be raised from the Rights Issue are to be utilised as follows:

	<b>Proforma IV(a) (Maximum subscription) RM'000</b>	<b>Proforma IV(b) (Minimum subscription) RM'000</b>
Purchase consideration for the STS Acquisition	3,027	3,027
Settlement of amount owing by STS to KLIH pursuant to the STS Acquisition	8,972	8,972
Working capital for ECB group	11,339	9,001
Estimated expenses	4,000	4,000
	27,338	25,000

**(F) PROFORMA V****Proforma V(a)**

The proforma consolidated balance sheet is stated after Proforma IV(a) and the incorporation of full conversion of ECB ICULS, ECB RCSLS A and ECB RCSLS B.

**Proforma V(b)**

The proforma consolidated balance sheet is stated after Proforma IV(b) and the incorporation of full conversion of ECB ICULS, ECB RCSLS A and ECB RCSLS B.

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## 14. FINANCIAL INFORMATION (CONT'D)

## (G) SHAREHOLDERS' EQUITY

The movements in the shareholders' equity of the Group are as follows:

	Share Capital	ECB ICULS	ECB RCLS A	ECB RCLS B	Reserves	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(a) Maximum subscription of Rights Issue of RM27,338,319						
As at 31 March 2003	(1)	-	-	-	(15)	(15)
Share Swap and Internal Reorganisation	3,038	-	-	448	-	3,486
<b>Proforma I</b>	3,038	-	-	448	(15)	3,471
Equine Acquisition	94,600	77,400	-	-	-	172,000
<b>Proforma II</b>	97,638	77,400	-	448	(15)	175,471
Debt Restructuring	24,962	-	727	-	-	25,689
<b>Proforma III</b>	122,600	77,400	727	448	(15)	201,160
Rights Issue and Offer for Sale	27,338	-	-	-	-	27,338
<b>Proforma IV(a)</b>	149,938	77,400	727	448	(15)	228,498
Full conversion of:						
- ECB ICULS	77,400	(77,400)	-	-	-	-
- ECB RCLS A:						
- Equity element	727	-	(727)	-	-	-
- Liability element	28,991	-	-	-	-	28,991
- Deferred taxation	282	-	-	-	-	282
	30,000	-	(727)	-	-	29,273
- ECB RCLS B:						
- Equity element	448	-	-	(448)	-	-
- Liability element	17,878	-	-	-	-	17,878
- Deferred taxation	174	-	-	-	-	174
	18,500	-	-	(448)	-	18,052
<b>Proforma V(a)</b>	275,838	-	-	-	(15)	275,823

Note:

(1) Consist of two (2) ordinary shares of RM1.00 each.

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## 14. FINANCIAL INFORMATION (CONT'D)

## (G) SHAREHOLDERS' EQUITY (Continued)

	Share Capital RM'000	ECB ICULS RM'000	ECB RCSLS A RM'000	ECB RCSLS B RM'000	Reserves RM'000	Total RM'000
(b) Minimum subscription of Rights Issue of RM25,000,000						
As at 31 March 2003	- <sup>(1)</sup>	-	-	-	(15)	(15)
Share Swap and Internal Reorganisation	3,038	-	-	448	-	3,486
<b>Proforma I</b>	3,038	-	-	448	(15)	3,471
Equine Acquisition	94,600	77,400	-	-	-	172,000
<b>Proforma II</b>	97,638	77,400	-	448	(15)	175,471
Debt Restructuring	24,962	-	727	-	-	25,689
<b>Proforma III</b>	122,600	77,400	727	448	(15)	201,160
Rights Issue and Offer for Sale	25,000	-	-	-	-	25,000
<b>Proforma IV(b)</b>	147,600	77,400	727	448	(15)	226,160
Full conversion of:						
- ECB ICULS	77,400	(77,400)	-	-	-	-
- ECB RCSLS A:						
- Equity element	727	-	(727)	-	-	-
- Liability element	28,991	-	-	-	-	28,991
- Deferred taxation	282	-	-	-	-	282
	30,000	-	(727)	-	-	29,273
- ECB RCSLS B:						
- Equity element	448	-	-	(448)	-	-
- Liability element	17,878	-	-	-	-	17,878
- Deferred taxation	174	-	-	-	-	174
	18,500	-	-	(448)	-	18,052
<b>Proforma V(b)</b>	273,500	-	-	-	(15)	273,485

Note:

(1) Consist of two (2) ordinary shares of RM1.00 each

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## 14. FINANCIAL INFORMATION (CONT'D)

**KUALA LUMPUR INDUSTRIES HOLDINGS BERHAD**  
**(Special Administrators Appointed)**  
**PROFORMA CONSOLIDATED BALANCE SHEETS**  
**AS AT 31 MARCH 2002**
**APPENDIX 1**

	<----- PROFORMA ----->		
	(A)	(B)	(B)
	Consolidated balance sheet as at 31 March 2002 (Audited)	After disposal of The People's Insurance Company (Malaysia) Berhad	After (A) and Capital Reduction and Consolidation
<b>ASSETS EMPLOYED</b>	RM'000	RM'000	RM'000
PROPERTY, PLANT AND EQUIPMENT	35,683	18,459	18,459
INVESTMENT IN ASSOCIATED COMPANIES	40,258	40,258	40,258
INVESTMENT PROPERTIES	8,785	8,785	8,785
LAND AND DEVELOPMENT PROPERTIES	99,977	99,977	99,977
CURRENT ASSETS			
Land and development properties	67,726	67,726	67,726
Property, plant and equipment	6,149	6,149	6,149
Short term investments	128,981	947	947
Inventories	19,424	19,424	19,424
Trade receivables	4,578	4,578	4,578
Outstanding premiums	7,945	-	-
Amounts owing by reinsurers and cedants	6,008	-	-
Other receivables, deposits and prepayments	28,641	6,622	6,622
Fixed deposits, cash and bank balances	180,211	1,233	1,233
	449,663	106,679	106,679
CURRENT LIABILITIES			
Trade payables	49,917	49,917	49,917
Amounts owing to reinsurers and cedants	14,571	-	-
Claims admitted/intimated but not paid	164,774	-	-
Other payables and accruals	331,899	269,867	269,867
Hire-purchase creditors	244	244	244
Short term borrowings	419,990	342,100	342,100
Taxation	6,050	6,050	6,050
	987,445	668,178	668,178
NET CURRENT LIABILITIES	(537,782)	(561,499)	(561,499)
	(353,079)	(394,020)	(394,020)
<b>REPRESENTED BY</b>			
SHARE CAPITAL	303,759	303,759	3,038
SHARE PREMIUM	182,840	182,840	-
REVALUATION RESERVE	14,087	12,416	12,416
CAPITAL RESERVE	400	400	400
ACCUMULATED LOSSES	(915,330)	(900,200)	(416,639)
CAPITAL DEFICIENCY	(414,244)	(400,785)	(400,785)
MINORITY INTERESTS	4,950	4,950	4,950
UNEARNED PREMIUM RESERVES	54,127	-	-
LONG TERM AND DEFERRED LIABILITIES			
Provision for retirement benefits	273	-	-
Deferred taxation	1,815	1,815	1,815
	(353,079)	(394,020)	(394,020)

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 Kuala Lumpur

14. FINANCIAL INFORMATION (CONT'D)

**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF KLIH AS AT 31 MARCH 2002**

**BASIS OF PREPARATION**

The proforma consolidated balance sheets of KLIH, for which the Directors of KLIH are solely responsible, are for illustrative purposes only and have been prepared based on:

- (1) the audited financial statements of KLIH as at 31 March 2002; and
- (2) accounting policies and basis consistent with those previously adopted in the preparation of the audited financial statements, to show the effects of the following events on the assumption that they are completed on 31 March 2002:

**PROFORMA (A)**

The proforma consolidated balance sheet is stated after the incorporation of the disposal of KLIH's entire investment in The People's Insurance Company (Malaysia) Berhad of 80,000,000 ordinary shares of RM1.00 each for a cash consideration of approximately RM78,510,000. The disposal was completed on 29 April 2002.

**PROFORMA (B)**

The proforma balance sheet is stated after Proforma (A) and:

- (i) the incorporation of a capital reduction in which the existing issued and paid-up share capital of KLIH of RM303,759,072 comprising 303,759,072 ordinary shares of RM1.00 each ("KLIH Shares") shall be reduced to RM3,037,591 comprising 303,759,072 ordinary shares of RM0.01 each ("Reduced Shares") by cancelling RM0.99 of the par value of each existing KLIH Share; and
- (ii) every one hundred (100) Reduced Shares will subsequently be consolidated into one (1) ordinary share of RM1.00 each pursuant to which the share capital of KLIH shall be RM3,037,591 comprising 3,037,591 ordinary shares of RM1.00 each ("Consolidated Shares")

[collectively known as "Capital Reduction and Consolidation"].

The Capital Reduction and Consolidation will give rise to a credit of RM300,721,481 which, together with the share premium account of KLIH amounting to RM182,839,701 as at 31 March 2002, shall be applied to partially reduce the audited accumulated losses of KLIH of RM1,035,798,992 as at 31 March 2002.

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**14. FINANCIAL INFORMATION (CONT'D)****14.10 Working Capital, Borrowings, Contingent Liabilities and Material Commitments****14.10.1 Working Capital**

The Directors of ECB are of the opinion that, after taking into account the consolidated cash flow forecast, banking facilities available and the gross proceeds from the Rights Issue, the working capital available to the ECB Group will be sufficient for a period of 12 months from LPD.

**14.10.2 Borrowings**

As at 11 September 2003, the total borrowings of the ECB Group amount to RM107.9 million, all of which are interest bearing debts including lease and hire purchase obligations.

<b>Outstanding borrowings</b>	<b>Payable within 12 months RM 000</b>	<b>Payable after 12 months RM 000</b>	<b>Total RM 000</b>
ECB RCLS A	-	28,991	28,991
ECB RCLS B	-	17,878	17,878
Term loans	35,570	21,203	56,773
Overdraft	3,228	-	3,228
Hire purchase	371	663	1,034
<b>Total</b>	<b>39,169</b>	<b>68,735</b>	<b>107,904</b>

**14.10.3 Material Contingent Liabilities**

As at LPD, there are no material contingent liabilities incurred by the ECB Group. The Directors of ECB are of the opinion that the ECB Group has no material contingent liabilities that upon materialisation would have a substantial impact on the profit or net assets of the ECB Group.

All known debts and contingent liabilities of the former KLIH Group including corporate guarantees granted by the former KLIH have been addressed under the Proposals. In accordance with the Proposals, which bound all the creditors of the former KLIH Group, all claims by the creditors of the former KLIH Group as at 6 August 2003 are deemed fully and irrevocably satisfied and discharged and the creditors of the former KLIH Group as at 6 August 2003 shall have no claims whatsoever against the ECB Group. The Proposals together with the revisions thereto have been approved by Danaharta on 30 November 2001. The details of the Proposals are set out in Section 9 of this Prospectus.

Furthermore, save for the equity interest in KLIB, STS and PL, all other assets of the KLIH Group (other than Wisma KLIH) were transferred and liabilities novated to KDM which will subsequently be liquidated.

The ECB Group will not be assuming any material litigation and arbitration, commitments and contingent liabilities as a result of the acquisition of KLIH, KLIB and STS.

**14.10.4 Material Commitments**

As at LPD, the Directors of ECB are not aware of any material capital commitments for capital expenditure contracted or known to be contracted by the ECB Group which may have a material impact on the financial position of the ECB Group.