

10. FINANCIAL INFORMATION (Cont'd)

10.4 Reporting Accountants' Letter On The Profit Forecast

Kassim Chan & Co

Public Accountants



4th Floor, Wisma Wang
251 -A Jalan Burma
10350 Penang
Malaysia

Telephones (04) 2288255 (5 lines)
Facsimile (04) 2288355

The Directors
Hunza Properties Berhad
3rd Floor, Wisma Wang
251 -A Jalan Burma
10350 PENANG

16 FEB 2000

Gentlemen.

CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 30 JUNE 2000

We have reviewed the accounting policies and calculations for the consolidated profit forecast of Hunza Properties Berhad ("the Company") and its subsidiaries companies ("the Group"), for which the Directors are solely responsible, for the year ending 30 June 2000 set out in the Prospectus to be dated 18 February 2000, in connection with the public issue of 12,583,000 new ordinary shares of RM1.00 each at an issue price of RM1.60 per ordinary share and the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Main Board of the Kuala Lumpur Stock Exchange.

in our opinion, the consolidated profit forecast, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors as set out in the Prospectus and is presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully,

KASSJM CHAN & CO.
AF 0080
Public Accountants

TAN BOON HOE
1836/7/01(J)
Partner

**Deloitte Touche
Tohmatsu
International**

10. FINANCIAL INFORMATION (Cont'd)

10.5 Proforma Consolidated Balance Sheets As At 31 October 1999 Together With The Notes Relating Thereto
(Prepared for inclusion in this Prospectus)

HUNZA PROPERTIES BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 OCTOBER 1999

The Proforma Consolidated Balance Sheets as set out below have been prepared for illustrative purposes only to show the effect on the combined audited balance sheets of Hunza Properties Berhad ("HPB") and its subsidiary companies as at 31 October 1999 on the assumption that the following events had been completed on that date.

	Per Combined Audited Balance Sheets of HPB and Subsidiaries at 31.10.99 RM'000	Proforma I After Revaluation of Land Properties RM'000	Proforma II After 1 and Acquisition of Subsidiaries RM'000	Proforma 111 After I and II and Public Issue RM'000
FIXED ASSETS	11,825	23,778	23,778	23,778
INVESTMENT IN ASSOCIATED COMPANIES	20,623	20,623		
OTHER INVESTMENT				
PROPERTY DEVELOPMENT PROJECTS-Non-current portion	49,418	49,418	49,418	49,418
CURRENT ASSETS				
Stocks	2,757	2,757	2,757	2,757
Property development projects	25,195	35,195	25,195	25,195
Contract work-in-progress	277	277	277	277
Trade debtors	44,096	44,096	26,989	26,989
Other debtors, deposits and prepayments	4,667	4,667	5,757	5,757
Due by associated companies	1,872	1,872		
Due by Intermediate holding company	226	226		-
Due by another related company	1,160	1,160	-	
Due by directors	2,215	2,215	2,215	2,215
Short-term deposits with licensed banks	2,700	2,700	2,700	2,700
Dividends receivable	4,742	4,742		
Cash and bank balances	1,097	1,097	1,097	18,730
Total Current Assets	91,004	91,004	66,987	84,620
CURRENT LIABILITIES				
Trade creditors	20,073	20,073	3,725	3,725
Other creditors and accruals	18,319	18,319	22,896	22,318
Due to immediate holding company	7,288	7,288	-	-
Due to a related company	217	217		
Due to directors	2,633	2,633	2,633	2,633
Long-term liabilities due within one year	1,029	1,029	1,029	1,029
Bank borrowings	10,894	10,894	10,894	10,894
Dividends payable	12,587	12,587	7,845	7,845
Taxation payable	3,570	3,570	3,570	3,570
Total Current Liabilities	76,610	76,610	52,592	52,014
Net Current Assets	14,394	14,394	14,395	32,606

(FORWARD)

10. FINANCIAL INFORMATION (Cont'd)

HUNZA PROPERTIES BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 OCTOBER 1999

	Per Combined Audited Balance Sheets of HPB and Subsidiaries at 31.10.99 RM'000	Proforma I After Revaluation of Land Properties RM'000	Proforma II After I and Acquisition of Subsidiaries RM'000	Proforma III After I and II and Public Issue RM'000
INTANGIBLE ASSETS	879	879	589	11
NON-CURRENT AND DEFERRED LIABILITIES				
Long-term liabilities	15,927	15,927	15,927	15,927
Deferred taxation	190	190	190	190
	16,117	16,117	16,117	16,117
NET ASSETS EMPLOYED	8,1023	92,976	72,064	89,697
SHARE CAPITAL	6,820	6,820	47,417	60,000
NON-DISTRIBUTABLE RESERVES:				
Share premium	1,157	1,157	10,135	15,185
Revaluation reserve		11,737	-	-
Capital reserve	1,898	1,898	-	-
Reserve on consolidation	2,834	2,834	2,501	2,501
DISTRIBUTABLE RESERVES:				
Retained profit	39,941	39,941		-
Capital reserve	101	101		-
Total Shareholders' Equity	52,751	64,488	60,053	77,686
MINORITY INTERESTS	28,272	28,488	12,011	12,011
NET CAPITAL EMPLOYED	81,023	92,976	72,064	89,697
NET TANGIBLE ASSETS	5,1872	63,609	59,464	77,675
NET TANGIBLE ASSETS PER SHARE (RM)	7.61	9.33	1.25	1.29

10. FINANCIAL, INFORMATION (Cont'd)

**HUNZA PROPERTIES BERHAD
NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS**
1. Basis of Preparation

- (i) The Proforma Consolidated Balance Sheets together with the notes thereon have been prepared based on accounting principles and bases consistent with those previously adopted in the preparation of audited financial statements of Hunza Properties Berhad (“HPB”) and its subsidiaries. They have been prepared based on the combined audited balance sheets of HPB and its subsidiary companies as at 31 October 1999 and on the assumption that the following transactions have been effected on 31 October 1999:

Proforma I

Proforma I has been presented based on the combined audited balance sheets of HPB and its subsidiary companies as at 31 October 1999 incorporating the revaluation of landed properties held as fixed assets by Hunza-Land Corporation Sdn. Bhd. (“HLand”), Hunza Distripark Sdn. Bhd. (“HDistripark”) and Masuka Bina Sdn. Bhd. (“Masuka”) and the incorporation of the revaluation surpluses/ (deficit) of RM 1,444,258, RM 11,053,398 and (RM544,755) into the accounts of HLand, HDistripark and Masuka respectively.

Proforma II

Proforma II incorporates the effects of Proforma I and the acquisition of the following subsidiaries by HPB.

- i. An acquisition of 4,713,678 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Hunza Holdings Sdn. Bhd. (“HHoldings”) by HPB for a total purchase consideration of RM40,236,734 to be satisfied by the issuance of 32,729,000 new ordinary shares of RM1.00 each in HPB at an issue price of approximately RM 1.23 per new ordinary share;
- ii. An acquisition of 25,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Hunza Usaha Ventures Sdn. Bhd. (“HUV”) by HPB for a total purchase consideration of RM9,326,428 to be satisfied by the issuance of 7,725,000 new ordinary shares of RM 1.00 each in HPB at an issue price of approximately RM 1.21 per new ordinary share;
- iii. An acquisition of 1,530,000 ordinary shares of RM 1.00 each representing the entire issued and paid-up share capital of Masuka by HPB for a total purchase consideration of RM6,955,554 to be satisfied by the issuance of 6,192,000 new ordinary shares of RM 1.00 each in HPB at an issue price of approximately RM 1.12 per new ordinary share; and
- iv. An acquisition of 500,000 ordinary shares of RM 1.00 each representing the entire issued and paid-up share capital of Qurozor Resources Sdn. Bhd. (“Qurozor”) by HPB for a total purchase consideration of RM982,379 to be satisfied by the issuance of 720,000 new ordinary shares of RM1.00 each in HPB at an issue price of approximately RM 1.36 per new ordinary share.

10. FINANCIAL INFORMATION *(Cont'd)*

Proforma III

Proforma III incorporates the effects of Proforma I and II and a public issue of 12,583,000 new ordinary shares of RM1.00 each issued at an issue price of RM1.60 per ordinary share ("Public issue").

The estimated listing expenses of RM2,500,000 have been written off against the share premium account.

2. The movements of the issued and paid-up share capital, share premium, cash and bank balances, fixed assets and revaluation reserve of HPB after taking into account the above transactions are as follows:

	Share capital RM'000	Share premium RM'000	Cash and bank balances RM'000	Fixed assets RM'000	Revaluation reserve RM'000
Per combined audited balance sheet at 31 October 1999	6,820	1,157	1,097	11,825	
Revaluation of landed properties				11,953	11,953
Less : Minority interest's share of revaluation reserve					(216)
Proforma I	6,820	1,157	1,097	23,778	11,737
New share issue in exchange for shares of subsidiary companies	47,366	10,135			
Consolidation elimination after acquiring subsidiary companies' shares	(6,769)	(1,157)	-		(11,737)
Proforma II	47,417	10,135	1,097	73,778	
Public issue	12,583	7,550	20,133		
Listing expenses		(2,500)	(2,500)	-	
Proforma III	60,000	15,185	18,730	23,778	-

10. FINANCIAL INFORMATION (Cont'd)

10.6 Reporting Accountants' Letter On Proforma Consolidated Balance Sheets

Kassim Ghan & Co

Public Accountants

(AF0080)



4th Floor, Wisma Wang
251 -A Jalan Burma
10350 Penang
Malaysia

Telephones (04) 2288255 (5 lines)
Facsimile (04) 2288355

16 FEB 2000

The Directors
Hunza Properties Berhad
3rd Floor, Wisma Wang
25 1-A Jalan Burma
10350 PENANG

Gentlemen,

**PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 OCTOBER 1999**

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Hunza Properties Berhad as at 31 October 1999, together with the notes and assumptions thereto, for which the Directors are solely responsible, as set out in the Prospectus to be dated 18 February 2000 in connection with the public issue of 12,583,000 new ordinary shares of RM 1.00 each at an issue price of RM 1.60 per ordinary share and the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Main Board of the Kuala Lumpur Stock Exchange.

In our opinion, the Proforma Consolidated Balance Sheets, which are provided for illustrative purposes, have been properly compiled on the basis set out in the notes to the Proforma Consolidated Balance Sheets.

Yours faithfully,

KASSIM CHAN & CO.
AF 0080
Public Accountants

TANBOONHOE
1836/7/01 (J)
Partner

**Deloitte Touche
Tohmatsu
International**

10. FINANCIAL INFORMATION (Cont 'd)

10.7 Dividend Forecast

It is the policy of the Directors in recommending dividends to allow shareholders to participate in the profits of the HPB Group as well as leaving adequate reserves for the future growth of the Group.

On the basis of the consolidated profit forecast after taxation for the financial year ending 30 June 2000 of RM5.527 million and assuming that the tax rate of 28% for financial year 2000, the Directors of HPB anticipate that they will be in a position to recommend a gross dividend of up to 7.5% on the enlarged issued and paid-up share capital of RM60,000,000.

The intended appropriation of the consolidated profit forecast after taxation in respect of the financial year ending 30 June 2000 would be as follows:

Financial Year Ending 30 June	2000 RM'000
Consolidated profit after minority interest and before taxation	18,634
Less: Taxation	<u>(5,782)</u>
Consolidated profit after taxation and minority interest before deduction of pre-acquisition profit	12,852
Less: Pre-acquisition profit	<u>(7,325)</u>
Consolidated profit after taxation and minority interest after deduction of pre-acquisition profit	5,527
Proposed dividend (less 28% tax)	<u>(3,240)</u>
Retained profit for the year	<u><u>2,287</u></u>
Gross dividend per share (sen)	7.50
Gross dividend yield (%), (based on the issue price of RM1.60 per share)	4.69
Net dividend yield (%), (based on the issue price of RM 1.60 per share)	3.38
Net dividend cover (times)	1.71

11. ACCOUNTANTS' REPORT

(Prepared for inclusion in the Prospectus)

Kassim Chan & Co

Public Accountants

(AF0080)



4th Floor, Wisma Wang
251 -A Jalan Burma
10350 Penang
Malaysia

Telephones (04) 2288255 (5 lines)
Facsimile (04) 2288355

The Board of Directors
Hunza Properties Berhad
3rd Floor, Wisma Wang
251 -A, Jalan Burma
10350 PENANG

16 FEB 2000

Gentlemen,

1. INTRODUCTION

This report has been prepared for inclusion in the Prospectus of Hunza Properties Berhad (hereinafter referred to as "HPB" or "the Company") to be dated 18 February 2000 in connection with the public issue of 12,583,000 new ordinary shares of RM 1.00 each in HPB at an issue price of RM1.60 per ordinary share and the listing and quotation of its entire enlarged issued and paid-up share capital on the Main Board of the Kuala Lumpur Stock Exchange.

2. GENERAL INFORMATION

2.1 Background

HPB was incorporated in Malaysia as a private limited company on 27 April 1998 under the name of Hunza Properties Sdn. Bhd.. On 21 October 1998, the Company was converted to a public limited company and assumed its present name.

The principal activity of the Company is investment holding.

2.2 Flotation Scheme

The flotation scheme involves the followings:

- a) A revaluation of landed properties held by Hunza-Land Corporation Sdn. Bhd. ("HLand"), Hunza Distripark Sdn. Bhd. ("HDistripark") and Masuka Bina Sdn. Bhd. ("Masuka") and the incorporation of revaluation surpluses/ (deficit) of RM1,444,258, RM 11,053,398 and (RM544,755) into the accounts of HLand, HDistripark and Masuka respectively.

**Deloitte Touche
Tohmatsu
International**

11. ACCOUNTANTS' REPORT (Cont'd)

- b) **Acquisition** of the **following subsidiaries:**
- i. An acquisition of 4,713,678 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Hunza Holdings **Sdn.** Bhd. ("HHoldings") by HPB for a total purchase consideration of RM40,236,734 to be satisfied by the issuance of 32,729,000 new ordinary shares of RM1.00 each in HPB at an issue price of approximately RM 1.23 per ordinary share;
 - ii. An acquisition of 25,000 ordinary shares of RM 1 .00 each representing the entire issued and paid-up share capital of Hunza Usaha Venture Sdn. Bhd. ("HUV") by HPB for a total purchase consideration of RM9,326,428 to be satisfied by the issuance of 7,725,000 new ordinary shares of RM1.00 each in HPB at an issue price of approximately RM 1.21 per ordinary share;
 - iii. An acquisition of 1,530,000 ordinary shares of RM 1 .00 each representing the entire issued and paid-up share capital of Masuka by HPB for a total purchase consideration of RM6,955,554 to be satisfied by the issuance of 6,192,000 new ordinary shares of RM 1 .00 each in HPB at an issue price of approximately RM 1.12 per ordinary share; and
 - iv. An acquisition of 500,000 ordinary shares of RM 1 .00 each representing the entire issued and paid-up share capital of Qurozor Resources Sdn. Bhd. ("Qurozor") by HPB for a total purchase consideration of RM982,379 to be satisfied by the issuance of 720,000 new ordinary shares of RM1 .00 each in HPB at an issue price of approximately RM 1.36 per ordinary share.

The purchase consideration for the acquisitions of HHoldings, HUV, Masuka and Qurozor were based on their respective audited net tangible **assets values as** at 30 June 1999 (together with the necessary adjustments such as revaluation) of RM40,236,734, RM9,326,428, RM6,955,554 **and** RM982,379 respectively. The said acquisitions were completed on 26 January 2000.

- c) A public issue by the Company of 12,583,000 new ordinary shares of RM 1 .00 each at an issue price of RM 1 .60 per ordinary share.
- d) A listing of and quotation of HPB's entire enlarged issued and paid-up share capital of RM60,000,000 comprising 60,000,000 ordinary shares of RM1 .00 each on the Main Board of the Kuala Lumpur Stock Exchange.

The flotation scheme was approved by the Securities Commission on 18 October 1999, 17 December 1999 and 3 January 2000. All new ordinary shares issued pursuant to the flotation scheme rank pari passu in all respects with the existing ordinary shares of HPB.

2.3 **Share Capital**

The authorised share capital of the Company at the date of its incorporation is RM 100,000 comprising 100,000 shares of RM1 .00 each.

The authorised share capital was increased from RM100,000 to **RM** 100,000,000 by the creation of 99,900,000 new shares of RM 1 each on 1 November 1999.

The present issued and paid-up share capital of the Company is 47,417,000 ordinary shares of RM 1.00 each.

11. ACCOUNTANTS' REPORT (Cont'd)

Details of the changes in the issued and paid-up share capital of the Company since the date of its incorporation are as follows:

Date of allotment	No. of ordinary shares of RM1.00 each issued	Consideration	Resultant issued and paid-up share capital RM
27 April 1998	2	Subscribers' shares	2
14 September 1998	9,000	Cash	9,002
21 September 1998	10,000	Cash	19,002
28 September 1998	10,000	Cash	29,002
9 October 1998	9,000	Cash	38,002
14 October 1998	11,000	Cash	49,002
23 November 1998	1,998	Cash	51,000
26 January 2000	47,366,000	Consideration for the acquisition of HHoldings, HUV, Masuka and Qurozor	47,417,000

Subsequent to the Public Issue, the issued and paid-up share capital of the Company would be increased to 60,000,000 ordinary shares of RM 1.00 each.

2.4 Subsidiary Companies

Details of the subsidiary companies of HPB, all of which are incorporated in Malaysia, as at the date of this report are as follows:

Name	Date of incorporation	Issued and paid up share capital RM	Effective equity interest %	Principal activities
Direct subsidiary				
Hunza Holdings Sdn. Bhd. (HHoldings)	6.4.1974	47,136,78	100	Investment holding
Hunza Usaha Ventures Sdn. Bhd. (HUV)	2.6.1993	25,000	100	Investment holding
Masuka Bina Sdn. Bhd. (Masuka)	25.9.1989	1,530,000	100	Property construction and rental of properties, plant and machinery
Qurozor Resources Sdn Bhd. (Qurozor)	20.3.1993	300,000	100	Property development

11. ACCOUNTANTS' REPORT (Cont'd)

Name	Date of incorporation	Issued and paid up share capital RM	Effective equity interest %	Principal activities
Indirect subsidiary – held through HHoldings				
Hunza Trading Sdn. Bhd. (HTrading)	12.10.1991	300,000	100	Trading of building materials
Hunza Distripark Sdn. Bhd. (HDistripark)	15.10.1988	2,000,002	100	Property investment
Hunza Properties (Perak) Sdn. Bhd. (HPP)	21.7.1995	2	100	Dormant
Hunza Properties (Penang) Sdn. Bhd. (HPPg)	29.7.1997	100	100	Dormant
Hunza-Land Corporation Sdn. Bhd. (HLand)	3.3.1984	4,055,002	85.06	Property development
Hunza-Land Capital Sdn. Bhd. (HLC)	30.11.1983	1,000,000	85.06	Financing purchasers of housing properties developed by its holding company
Hunza Treasure Sdn. Bhd. (HTreasure)	30.11.1989	130,000	85.06	Investment holding
Hunza Ventures Sdn. Bhd. (HVentures)	1.8.1990	25,000	80.00	Investment holding
Hunza Properties (Kedah) Sdn. Bhd. (HPK)	1.11.1994	7,000,000	65.00	Property development and sales of latex and fresh fruits bunches
Hunza Development (Perak) Sdn. Bhd. (HDP)	3.11.1993	4,000,002	52.00	Sales of latex and fresh fruit bunches and intended activity is property development
Perda Hunza Sdn. Bhd. (PHSB)	29.6.1995	250,000	40.80	Property development
Indirect subsidiary – held through HUV				
Hunza Capital Sdn. Bhd. (HCapital)	28.2.1984	3,125,000	100	Investment holding
Hunza Parade Development Sdn. Bhd. (HParade)	11.11.1986	5,500,000	92.49	Property development

Issued 10,000,000 ordinary shares but paid-up to 55 cents per ordinary share.

11. ACCOUNTANTS' REPORT (Cont'd)

3. AUDITORS

We were appointed to act as statutory auditors of HPB, HPP, HPPg, HPK, HDP and PHSB since their incorporations on 27 April 1998, 21 July 1995, 29 July 1997, 1 November 1994, 3 November 1993 and 29 June 1995 respectively. We have acted as auditors of HHoldings, HUV, HTrading, HDistripark, HLand, HLC, HTreasure, HVentures, HCapital and HParade since the financial year ended 30 June 1995 and of Masuka since the financial year ended 31 December 1994.

The accounts of Quozor were audited by another firm of auditors. However, we had conducted special audits of the accounts of Quozor for the 6 months periods ended 30 June 1998 and 1999 and 10 months period ended 31 October 1999.

The accounts of HPB and its subsidiary companies were not subject to any qualifications except for the accounts of Quozor (which were audited by another firm of auditors) for the period from 20 March 1993 (date of incorporation) to 31 December 1993 were subject to qualification on the appropriateness of presenting the accounts on the going concern basis as that company was in a capital deficiency position.

4. DIVIDENDS

No dividends have been paid or declared by the Company since the date of incorporation.

Details of dividends declared by the subsidiary companies for the past five financial years are as follows:

Period/ Year ended	Issued and paid-up capital RM	Dividend rate (gross)		Net dividend RM	Financial year in which net dividend paid
		Tax exempt	Less tax		
HHoldings					
30.6.1995	4,663,678				
30.6.1996	4,663,678	-			
30.6.1997	4,663,678				
30.6.1998	4,663,678	Interim	-	353.50%	11,869,993
30.6.1999	4,713,678	Interim	115,0096	52.78%	7,211,927
HUV					
30.6.1995	25,000				-
30.6.1996	25,000				
30.6.1997	25,000			-	
30.6.1998	25,000	Interim	-	41.434%	7,458,120
30.6.1999	25,000	Interim	17,600.24%	4.458%	5,202,500
Quozor					
31.12.1994	25,000				
31.12.1995	25,000				
31.12.1996	25,000				
31.12.1997	25,000				
31.12.1998	500,000				
30.6.1999	500,000	Interim	-	48.00%	172,800

11. ACCOUNTANTS' REPORT (Cont'd)

Period/ Year ended	Issued and paid-up capital RM		Dividend rate (gross)		Net dividend RM	Financial year in which net dividend paid
			Tax exempt	Less tax		
HTrading						
30.6.1995*	150,000	Interim	-	* 750%	* 127,500	*1995
		Interim	-	200%	2 10,000	1995
30.6.1996	150,000	Interim	-	340%	357,000	1996
30.6.1997	300,000	Interim	-	120%	252,000	1997
30.6.1998	300,000	Interim	-	230%	496,800	1999
30.6.1999	300,000	Interim	165%	85%	678,600	2000
* The second interim dividend of 750% less 32% tax was declared in respect of the financial period from 1 January 1994 to 30 June 1994 and was paid during financial year ended 30 June 1995.						
HDistripark						
30.6.1995	2,000,002			-	-	-
30.6.1996	2,000,002		-	-	-	
30.6.1997	2,000,002			-	-	
30.6.1998	2,000,002	Interim	-	22%	3 16,800	1999
30.6.1999	2,000,002	Interim	35%	15%	9 16,000	2000
HCapital						
30.6.1995	3 12,500		-	-	-	
30.6.1996	3 12,500					
30.6.1997	3 12,500		-			
30.6.1998	3 12,500	Interim		130%	292,500	1999
30.6.1999	3 12,500	Interim	108%	-	337,500	2000
HParade						
30.6.1995	5,500,000			-	-	
30.6.1996	5,500,000			-	-	
30.6.1997	5,500,000					
30.6.1998	5,500,000	Interim	-	60%	2,376,000	1999
30.6.1999	5,500,000	Interim	5046		2,750,000	2000
HLand						
30.6.1995	4,0 15,002	Interim	-	12%	327,623	1995
		Final	-	25%	702,626	1995
30.6.1996	4,0 15,002		-			
30.6.1997	4,0 15,002					
30.6.1998	4,0 15,002	Interim		631%	18,240,957	1999
30.6.1999	4,0 15,002	Interim	208%	100%	11,242,006	2000
HTreasure						
30.6.1995	130,000					
30.6.1996	130,000					
30.6.1997	130,000					
30.6.1998	130,000	Interim		946%	885,456	1999
30.6.1999	130,000	Interim	790%		1,027,000	2000

11. ACCOUNTANTS' REPORT (Cont'd)

Period/ Year ended	Issued and paid-up capital RM	Dividend rate (gross)		Net dividend RM	Financial year in which net dividend paid
		Tax exempt	Less tax		
PHSB					
30.6.1996	250,000	-	-	-	-
30.6.1997	250,000	-	-	-	-
30.6.1998	250,000	Interim	-	400%	720,000
X.6.1999	250,000				1998 2000

PHSB was incorporated on 29 June 1995 and the first set of accounts drawn up was for the period 29 June 1995 to 30 June 1996.

No dividends have been paid or declared by the other subsidiary companies in the Group for the periods/years under review.

5. SUMMARISED PROFIT AND LOSS ACCOUNTS**5.1 The Proforma Group**

The summarised proforma consolidated profit and loss accounts of the HPB Group for the past five (5) financial years ended from 30 June 1995 to 1999 and 4 months ended 31 October 1999 have been prepared for illustrative purposes only after making such adjustments that we considered necessary and assuming that the HPB Group had been in existence throughout the years under review.

		←-----Year ended 30 June----->					4 months ended 31 October 1999
		1995	1996	1997	1998	1999	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	55,954	67,070	59,234	62.2	16	45,957	12,737
Profit before depreciation, interest and exceptional items	15,287	21,179	21,830	20,234	20,819	20,819	4,697
Depreciation		(781)	(760)	(941)	(1,078)	(943)	(295)
Interest expenses		(563)	(885)	(1,486)	(1,826)	(1,200)	(136)
Exceptional items			711	1	1,350	892	
Profit before taxation		13,943	20,245	19,403	28,780	19,568	4,266
Taxation		(4,221)	(6,020)	(5,625)	(5,082)	(250)	(1,253)
Profit after taxation		9,722	14,225	13,778	23,698	19,318	3,013
Minority shareholders share of profit		(977)	(2,183)	(2,720)	(2,033)	(2,586)	(504)
Profit after taxation and minority interest		8,745	12,042	11,058	21,665	16,732	2,509
No. of ordinary shares of RM 1.00 each ('000)		47.4	47.4	47.4	47.4	47.4	47,417
Gross earnings per share (RM)	0.26	0.36	0.33	0.55	0.36	0.36	*0.22
Net earnings per share (RM)	0.18	0.25	0.23	0.46	0.35	0.35	*0.16

*Annualised

11. ACCOUNTANTS' REPORT (Cont'd)

Notes:

- a. The proforma consolidated profit and loss accounts of the Proforma Group have been prepared based on the audited accounts of the subsidiary companies and assuming that the effective shareholdings in subsidiaries held by HPB as mentioned under paragraph 2.4 has been in effect throughout the years under review.
- b. The financial year ends of the following subsidiary companies for certain years are not co-terminious with the financial year end of the Group of 30 June as shown below:

Name of Subsidiaries	Financial Year Ends Which Are Not Co-terminious
Masuka Bina Sdn. Bhd.	31 December 1994 to 1998
Quorozor Resources Sdn. Bhd.	31 December 1994 to 1998
Hunza Parade Development Sdn. Bhd.	31 December 1994 to 1995
Hunza Development (Perak) Sdn. Bhd.	31 December 1994 to 1995

Accordingly, adjustments have been made on a time apportionment basis to arrive at the above results.

- c. The exceptional gain in 1996 of approximately RM7 11,000 arose from the compulsory acquisition of a portion of HDistripark's land by the government. The exceptional gains in 1998 and 1999 of approximately RM 11,450,000 and RM892,000 represent gain on disposal of investments in unquoted shares of an associated company and subsidiary companies by HHoldings and HUV respectively. These exceptional items were not subject to income tax. There were no extraordinary items during the years under review.
- d. Adjustments were made to the taxation figure in 1997 to account for the underprovision of taxation in prior years of RM2.8 million (including penalties of RM1.05 million) representing back duty taxes in respect of the years of assessment 1990 to 1993.
- e. The lower effective tax rate as compared to the statutory income tax rate in 1998 is due mainly to the exceptional gain on disposal of investments in unquoted shares of an associated company is not subject to income tax. Taxation for year ended 30 June 1999 represents the time apportionment of taxation on profits of Masuka and Quorozor for the financial year ended 31 December 1998 as their financial year ends are not co-terminious with the Group. No provision for tax payable on profit from operations of all other companies are made as the Government has waived the tax on chargeable income earned by a company in the financial year 1999.
- f. The gross earnings per ordinary share for the respective financial years under review has been calculated based on the proforma profit before taxation but after minority interest divided by the enlarged issued and paid-up share capital of 47,417,000 ordinary shares of RM1.00 each following the flotation scheme mentioned under paragraph 2.2 of this report but before the public issue of 12,583,000 new ordinary shares.
- g. The net earnings per ordinary share for the respective financial years under review has been calculated based on the proforma profit after taxation and minority interest divided by the enlarged issued and paid-up share capital of 47,417,000 ordinary shares of RM1.00 each following the flotation scheme mentioned under paragraph 2.2 of this report but before the public issue of 12,583,000 new ordinary shares.
- h. There were no dividends paid or declared by Hunza Properties Berhad during the years under review.

11. ACCOUNTANTS' REPORT (Cont'd)

5.2 The Company and its subsidiary companies

We set out below the summarised audited results of each of the companies within the HPB Group for the relevant financial years/ period as follows:

HPB

The company has not commenced commercial operations as at 31 October 1999. Accordingly, no profit and loss account has been drawn up.

HHoldings (Company Level)

	← Year ended 30 June -					4 months ended 31 October
	1995 RM000	1996 RM000	1997 RM000	1998 RM000	1999 RM000	1999 RM000
Turnover	1,102	774	992	14,324	8,541	118
Profit before depreciation, interest and exceptional item	991	554	646	14,783	8,511	73
Depreciation	(2)	(13)	(14)	(14)	(14)	(5)
Interest expenses	(204)	(401)	(717)	(851)	(642)	(23)
Exceptional item		•	•	11,450	•	
Profit/ (loss) before taxation	785	140	(85)	25,368	7,855	45
Taxation	(260)	(51)	(42)	(4,098)	(615)	(12)
Profit/ (loss) after taxation	525	89	(127)	21,270	7,240	33
Weighted average no. of ordinary shares in issue ('000)	4,536	4,664	4,665	4,664	4,693	4,714
Net earnings/ (loss) per share (RM)	0.12	0.02	(0.03)	4.56	1.54	*0.02
Gross dividend rate (%)				353.50	167.78	

* Annualised

Notes:

- The exceptional item in 1998 represents gain on disposal of investments in unquoted shares of an associated company. There were no extraordinary items during the years under review.
- The effective tax rates are higher than the statutory income tax rates over the years 1995 to 1997 mainly due to certain expenses were non-deductible for tax purposes. In 1998, the effective tax rate is lower than the statutory income tax rate due mainly to the gain on disposal of investments in unquoted shares of an associated company which was not subject to income tax. In year ended 30 June 1999, the effective tax rate is lower than the statutory income tax rate due mainly to the majority of the dividends received from its subsidiary companies were tax exempted.
- The net earnings/ loss per share is calculated by dividing the profit/ loss after taxation by the weighted average number of ordinary shares in issue during the relevant years.

11. ACCOUNTANTS' REPORT (Cont'd)**HUV(Company Level)**

	← Year ended 30 June →					4 months ended 31 October
	1995	1994	1997	1998	1999	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	486	.	.	10,356	5,742	.
Profit/ (loss) before depreciation and interest	477	(13)	(13)	10,346	5,735	(2)
Depreciation	.	.	.	(4)	(2)	(1)
Interest expenses	.	.	(11)	(17)	(14)	(4)
Profit/ (loss) before taxation	477	(13)*	(24)	10,325	5,719	(7)
Taxation	(146)	.	1	(2,892)	(371)	.
Profit/ (loss) after taxation	331	(13)	(23)	7,433	5,348	(7)
Weighted average no. of ordinary shares in issue ('000)	7	25	25	25	25	25
Net earnings/ (loss) per share (RM)	47.29	(0.52)	(0.92)	297.32	213.92	*(0.84)
Gross dividend rate (%)		.	.	41,434.00	22,058.24	.

* Annualised

Notes:

- a) There were no exceptional/ extraordinary items during the years/period under review.
- b) In year ended 30 June 1999, the effective tax rate is lower than the statutory income tax rate due mainly to the majority of the dividends received from its subsidiary companies were tax exempted.
- c) The net earnings/loss per share is calculated by dividing the profit/loss after taxation by the weighted average number of ordinary shares in issue during the relevant years/period.

11. ACCOUNTANTS' REPORT (Cont'd)

Masuka

	← Year ended 31 December →					10 months ended 31 October
	1994	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	20,030	20,441	22,186	44,862	20,277	15,426
Profit before depreciation and interest	2,013	1,001	1,325	1,672	1,555	1,950
Depreciation	(562)	(497)	(487)	(715)	(764)	(461)
Interest expenses	(194)	(227)	(370)	(635)	(490)	(100)
Profit before taxation	1,257	277	468	322	301	1,389
Taxation	(405)	(121)	(176)	(104)	(217)	43
Profit after taxation	852	156	292	218	84	1,432
Weighted average no. of ordinary shares in issue ('000)	1,530	1,530	1,530	1,530	1,530	1,530
Net earnings per share (RM)	0.56	0.10	0.19	0.14	0.05	*1.12

* Annualised

Notes:

- a) There were no exceptional/ extraordinary items during the years/period under review.
- b) Adjustments were made to the taxation figure in 1997 to account for the underprovision of taxation in prior years of RM 1,600,000 (including penalties of RM600,000) representing **backduty** taxes in respect of the years of assessment 1990 to 1992.
- c) The effective tax rates are higher than the statutory income tax rates over the years 1994 to 1998 mainly due to certain expenses were non-deductible for tax purposes. No provision for tax payable on profit **from** operations is made in 1999 as the Government has waived the tax on chargeable income earned by a company in financial year 1999.
- d) The net earnings per share is calculated by dividing the profit after taxation by the weighted average number of ordinary shares in issue during the relevant years/period.
- e) There were no dividends paid or declared during the years/period under review.

11. ACCOUNTANTS' REPORT (Cont 'd)

Qurozor

	← Year ended 31 December →					10 months ended 31 October
	1994	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	686	442	240	-	2,418	-
Profit/ (loss) before depreciation and interest	48	64	72	48	719	(87)
Depreciation	-	(1)	(1)	(1)	(1)	(1)
Interest expenses						
Profit/ (loss) before taxation	48	63	71	47	718	(88)
Taxation	(15)	(18)	(20)	(14)	(201)	-
Profit/ (loss) after taxation	33	45	51	33	517	(88)
Weighted average no. of ordinary shares in issue ('000)	6	25	25	25	153	500
Net earnings/ (loss) per share (RM)	5.50	1.80	2.04	1.32	3.38	* (0.21)
Gross dividend rate (%)		-		-	-	48

* Annualised

Notes:

- a) There were no exceptional/ extraordinary items during the years/ period under review.
- b) The net earnings/ loss per share is calculated by dividing the **profit/ loss** after taxation by the weighted average number of ordinary shares in issue during the relevant years/period.

11. ACCOUNTANTS' REPORT (Cont'd)

HTrading

	← Year ended 30 June →					4 months ended 31 October
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	1999 RM'000
Turnover	10,918	11,745	14,619	10,934	4,695	2,099
Profit before depreciation and interest	527	499	746	751	716	94
Depreciation	(4)	(5)	(13)	(5)	(4)	(1)
Interest expenses	(45)	(68)	(165)	(270)	(198)	(49)
Profit before taxation	478	426	568	476	514	44
Taxation	(145)	(91)	(196)	(145)	-	(14)
Profit after taxation	333	335	372	331	514	30
Weighted average no. of ordinary shares in issue ('000)	112	150	176	300	300	300
Net earnings per share (RM)	2.97	2.23	2.11	1.10	1.71	# 0.3
Gross dividend rate (%)	*950	340	120	230	250	-

* The second interim dividend of 750%, less 32% tax was declared in respect of the financial period from 1 January 1994 to 30 June 1994 and was paid during financial year ended 30 June 1995.

Annualised

Notes:

- There were no exceptional/ extraordinary items during the years/period under **review**.
- Taxation in 1997 includes taxation of an amount of RM36,000 underprovided in 1996. No provision for tax payable on profit from operations is made in year ended 30 June 1999 as the Government has waived the tax on chargeable income earned by a company in financial year 1999.
- The net earnings per share is calculated by dividing the profit after taxation by the weighted average number of ordinary shares in issue during the relevant years/period.

11. ACCOUNTANTS' REPORT (Cont'd)

HDistripark

	← Year ended 30 June →					4 months ended 31 October
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	1999 RM'000
Turnover		67	603	1,085	803	128
(Loss)/ profit before depreciation interest and exceptional item	(13)	(70)	494	1,022	718	119
Depreciation	-	(1)	(1)	(1)	(1)	-
Interest expenses	-		-	-	-	-
Exceptional item	-	711			-	
(Loss)/ profit before taxation	(13)	640	493	1,021	717	119
Taxation		(1)	(121)	(289)	6	(34)
(Loss)/ profit after taxation	(13)	639	372	732	723	85
Weighted average no. of ordinary shares in issue ('000)	2,000	2,000	2,000	2,000	2,000	2,000
Net (loss)/ earnings per share (RM)	(0.01)	0.32	0.19	0.37	0.36	*0.13
Gross dividend rate (%)			.	22	50	

* Annualised

Notes:

- a) The exceptional item in 1996 represents gain on compulsory acquisition by the government on a portion of its land. There were no extraordinary items during the years/period under review.
- b) In 1997, the effective tax rate is lower than the statutory income tax rate due mainly to the utilisation of carryforward tax losses. No provision for tax payable on profit from operations is made in year ended 30 June 1999 as the Government has waived the tax on chargeable income earned by a company in financial year 1999.
- c) The net loss/ earnings per share is calculated by dividing the loss/ profit after taxation by the weighted average number of ordinary shares in issue during the relevant years/period.

11. ACCOUNTANTS REPORT (Cont'd)

HPP

The company has not commenced commercial operations as at 31 October 1999. Accordingly, no profit and loss account has been drawn up.

HCapital

	← Year ended 30 June →					4 months ended 31 October
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	1999 RM'000
Turnover	-	-	-	413	344	-
(Loss)/ profit before depreciation and interest	(3)	(4)	(2)	410	340	(1)
Depreciation	-	-	-			
Interest expenses						
(Loss)/ profit before taxation	(3)	(4)	(2)	410	340	(1)
Taxation	-		-	(115)	-	-
(Loss)/ profit after taxation	(3)	(4)	(2)	295	340	(1)
Weighted average no. of ordinary shares in issue ('000)	313	313	313	313	313	313
Net (loss)/ earnings per share (RM)	(0.01)	(0.01)	(0.01)	0.94	1.09	*(0.01)
Gross dividend rate (%)		-		130	108	

* Annualised

Notes:

- There were no exceptional/ extraordinary items during the years/period under review.
- No provision for tax payable on profit from operations is made in year ended 30 June 1999 as the operating revenue consists solely of tax exempt dividend income.
- The net loss/ earnings per share is calculated by dividing the loss/profit after taxation by the weighted average number of ordinary shares in issue during the relevant years/period.

HPPg

The company has not commenced commercial operations as at 31 October 1999. Accordingly, no profit and loss account has been drawn up.

11. ACCOUNTANTS' REPORT (Cont 'd)

HParade

	← Year ended 31 December →	19%	6 months ended 30 June	← Year ended 30 June →	1998	1999	4 months ended 31 October
	1994	RM'000	1996	1997	RM'000	RM'000	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	16,194	30,773	24,344	313	900	10,099	5,511
Profit before depreciation and interest	3,676	8,734	9,003	1,792	128	3,967	2,278
Depreciation	(31)	(76)	(43)	(87)	(90)	(76)	(34)
Interest expenses	(2)	(8)	(6)	(10)	(8)	(10)	(4)
Profit before taxation	3,643	8,650	8,954	1,695	30	3,881	2,240
Taxation	(976)	(2,595)	(2,740)	(461)	(23)	-	(637)
Profit after taxation	2,667	6,055	6,214	1,234	7	3,881	1,603
Weighted average no. of ordinary shares in issue ('000)	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Net earnings per share (RM)	0.27	0.61	* 1.24	0.12	0.00	0.39	*0.48
Gross dividend rate (%)			-		60	50	-

* Annualised

Notes:

- a) There were no exceptional/ extraordinary items during the years/ periods under review.
- b) Adjustments were made to the taxation figures in 1997 to account for the under-provision of taxation in prior years of **RM600,000** (including penalties of RM225,000) representing **backduty** taxes in respect of the years of assessment 1990 to 1992.
- c) The lower effective tax rate in 1994 is mainly due to the utilization of tax losses from prior years. The higher effective tax rate in 1998 is mainly due to certain expenses are non-deductible for tax purposes. No provision for tax payable on profit from operations is made in year ended 30 June 1999 as the Government has waived the tax on **chargeable income** earned by a company in financial year 1999.
- d) The net earnings per share is calculated by dividing the profit after taxation by the weighted average number of ordinary shares in issue during the relevant years/periods.

11. ACCOUNTANTS' REPORT (*Cont'd*)**HLand (Company Level)**

	← Year ended 30 June →					4 months ended 31 October
	1995 RM'000	19% RM'000	1997 RM'000	1998 RM'000	1999 RM'000	1999 RM'000
Turnover	26,266	16,482	45,415	48,279	27,617	4,311
Profit before depreciation and interest	6,483	3,088	14,237	14,458	12,212	1,371
Depreciation	(147)	(189)	(208)	(220)	(184)	(69)
Interest expenses	(71)	(31)	(23)	(84)	(32)	(34)
profit before taxation	6,265	2,868	14,006	14,154	11,996	1,268
Taxation	(1,903)	(926)	(4,003)	(4,110)	(326)	(377)
Profit after taxation	4,362	1,942	10,003	10,044	11,670	891
Weighted average no. of ordinary shares in issue ('000)	4,015	4,015	4,015	4,015	4,015	4,015
Net earnings per share (RM)	1.09	0.48	2.49	2.50	2.91	*0.67
Gross dividend rate (%)	37	-		631	308	-

* Annualised

Notes:

- There were no exceptional/ extraordinary items during the years/period under review.
- The interest expenses of borrowings to finance the property development projects are capitalised in property development expenditure.
- Adjustments were made to the taxation figure in **1997** to account for the under-provision of taxation in prior years of **RM600,000** (including penalties of **RM225,010**) representing **backduty** taxes in respect of the years of assessment **1990 to 1993**.
- The effective tax rates are slightly higher than the statutory income tax rates for the years ended 30 June 1995 to 1998 and 4 months ended 31 October 1999 mainly due to certain expenses were non-deductible for tax purposes. The taxation in year ended 30 June 1999 represents underprovision of taxation in prior years. No provision for tax payable on profit from operations is made in year ended 30 June 1999 as the government has waived the tax on chargeable income earned by a **company** in financial year 1999.
- The net earnings per share is calculated by dividing the profit after taxation by the weighted average number of ordinary shares in issue during the relevant years/period.

11. ACCOUNTANTS' REPORT (*Cont'd*)

HLC

	← Year ended 30 June →					4 months ended 31 October
	1995	1996	1997	1998	1999	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	221	68	82	14	317	207
Profit before depreciation and interest	22	185	76	757	271	203
Depreciation	(5)	(15)	(15)	(2)	-	-
Interest expenses	(27)	(76)	(57)	(15)	-	(41)
(Loss)/ profit before taxation	(10)	94	4	740	271	162
Taxation		(11)	11			(46)
(Loss)/ profit after taxation	(10)	83	15	740	271	116
Weighted average no. of ordinary shares in issue ('000)	0.002	0.002	0.002	0.002	208	1,000
Net (loss)/ earnings per share (RM)	(5,000.00)	41,500.00	7,500.00	370,000.00	1.30	*0.35

* Annualised

Notes:

- a) There were no exceptional/ extraordinary items during the years/period under review.
- b) 1997 taxation represents reversal of overprovision of 1996 taxation. There is no taxation for the years 1996 to 1998 eventhough the Company made profits due to **utilization** of tax losses brought forward from prior years and also due to the gain on disposal of landed properties was not subject to income taxes. No provision for tax payable on profit from operations is made in year ended 30 June 1999 as the Government has waived the tax on chargeable income earned by a company in financial year 1999.
- c) The net loss/ earnings per share is calculated by dividing the loss/ profit after taxation by the weighted average number of ordinary shares in issue during the relevant years/period.
- d) There were no dividends paid or declared during the years/period under review.

11. ACCOUNTANTS' REPORT *(Corrt'd)***HTreasure**

	← Year ended 30 June →					4 months ended 31 October
	1995 RM'000	19% RM'000	1997 RM'000	1998 RM'000	1999 RM'000	1999 RM'000
Turnover				1,238	1,031	•
(Loss)/ profit before depreciation and interest	(10)	(6)	(6)	1,235	1,028	(1)
Depreciation						
Interest expenses						
(Loss)/ profit before taxation	(10)	(6)	(6)	1,235	1,028	(1)
Taxation	-	-		(347)		- -
(Loss)/ profit after taxation	(10)	(6)	(6)	888	1,028	(1)
Weighted average no. of ordinary shares in issue ('000)	130	130	130	130	130	130
Net (loss)/earnings per share (RM)	(0.08)	(0.05)	(0.05)	6.83	7.91	*(0.02)
Gross dividend rate (%)	-	-		946	790	-

* Annualised

Notes:

- a) There were no exceptional/ extraordinary items during the years/period under review.
- b) No provision for tax payable on profit from operations is made in year ended 30 June 1999 as the operating revenue consists solely of tax exempt dividend income.
- c) The net loss/earnings per share is calculated by dividing the loss/ profit after taxation by the weighted average number of ordinary shares in issue during the relevant years/period.

11. ACCOUNTANTS' REPORT (Cont'd)

HVentures (Company Level)

	← Year ended 30 June →				4 months ended 3 1 October
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	1999 RM'000
Turnover	-		510	-	
(Loss)/ profit before depreciation and interest	(6)	(2)	491	(4)	(1)
Depreciation	-	-	-	-	-
Interest expenses					
(Loss)/ profit before taxation	(6)	(2)	491	(4)	(1)
Taxation		-	(143)		- -
(Loss)/ profit after taxation	(6)	(2)	348	(4)	(1)
Weighted average no. of ordinary shares in issue ('000)	25	25	25	25	25
Net (loss)/ earnings per share (RM)	(0.24)	(0.08)	13.92	(0.16)	*(0.12)

* Annualised

Notes:

- a) **HVentures** was incorporated on 1 August 1990 and the first set of accounts drawn up was for the period from 1 August 1990 to 3 1 December 1991. There was no profit and **loss** account for the period from 1 August 1990 to 30 June 1995 as the Company only commenced its commercial operations in 1996.
- b) There were no exceptional/ extraordinary items during the years/period under review.
- c) The effective tax rate for 1998 is higher than the statutory tax rate mainly due to certain expenses were non-deductible for tax purposes.
- d) The net loss/ earnings per share is calculated by dividing the loss/ profit after taxation by the weighted average number of ordinary shares in issue during the relevant years/period.
- e) There were no dividends paid or declared during the years/period under review.

11. ACCOUNTANTS' REPORT (Cont'd)

HPK

	← Year ended 30 June →				4 months ended 31 October
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	1999 RM'000
Turnover	54	349	608	917	255
Profit/(loss) before depreciation and interest	5	85	55	388	(30)
Depreciation	-	-	-	-	-
Interest expenses	-	-	-	-	-
Profit/(loss) before taxation	5	85	55	388	(30)
Taxation	(5)	(24)	(62)		- -
Profit/ (loss) after taxation		61	(7)	388	(30)
Weighted average no. of ordinary shares in issue ('000)	1,989	7,000	7,000	7,000	7,000
Net earnings/(loss) per share (RM)	0.00	0.01	(0.00)	0.06	*(0.01)

* Annualised

Notes:

- a) HPK was incorporated on 1 November 1994 and the first set of accounts drawn up was for the period from 1 November 1994 to 30 June 1995. There was no profit and loss account for the period from 1 November 1994 to 30 June 1995 as the Company only commenced its commercial operations in January 1996.
- b) The interest expenses on borrowings to finance the property development projects are capitalised in property development expenditure.
- c) There were no exceptional/ extraordinary items during the years/period under review.
- d) The high effective tax rate in 1996 is due to expenses which were disallowed for income tax purposes. The effective tax' rate in 1998 is greater than 100% due mainly to the provision for diminution in value of investment in a subsidiary company of RM 154,998, is not a deductible loss for income tax purposes. No provision for tax payable on profit from operations is made in year ended 30 June 1999 as the Government has waived the tax on chargeable income earned by a company in financial year 1999.
- e) The net earnings' loss per share is calculated by dividing the profit/ loss after taxation by the weighted average number of ordinary shares in issue during the relevant years/period.
- f) There were no dividends paid or declared during the years/period under review.

11. ACCOUNTANTS' REPORT (Cont 'd)

HDP

	6 months ended 30 June	← Year ended 30 June →			4months ended 31 October
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	1999 RM'000
Turnover	-	266	801	1,005	253
Profit before depreciation and interest	3	98	475	627	138
Depreciation	-	-	-	-	-
Interest expenses	-	-	-	-	-
Profit before taxation	3	98	475	627	138
Taxation	(1)	(38)	(132)	-	(3 9)
Profit after taxation	2	60	343	627	99
Weighted average no. of ordinary shares in issue ('000)	141	3,625	4,000	4,000	4,000
Net earnings per share (RM)	0.01	0.02	0.09	0.16	0.07

* Annualised

Notes :

- a) HDP was incorporated on 3 November 1993 and the first set of accounts drawn up was for the period from 3 November 1993 to 31 December 1994. There was no profit and loss account for the period from 3 November 1993 to 31 December 1995 as the Company only commenced its commercial operations in June 1996.
- b) The interest expenses on borrowings to finance the property development projects are capitalised in property development expenditure.
- c) There were no exceptional/ extraordinary items during the period/ years under review.
- d) The effective tax rate for 1997 is higher than statutory income tax rate due mainly to certain expenses were non-deductible for tax purposes. No provision for tax payable on profit from operations is made in year ended 30 June 1999 as the Government has waived the tax on chargeable income earned by a company in financial year 1999.
- e) The net earnings per share is calculated by dividing the profit after taxation by the weighted average number, of ordinary shares in issue during the relevant period/ years.
- f) There were no dividends paid or declared during the period/years under review.

11. ACCOUNTANTS' REPORT (*Cont'd*)

PHSB

	← Year ended 30 June →				4 months ended 31 October
	1996	1997	1998	1999	1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	7,284	9,476	2,800	1,061	1,092
Profit before depreciation and interest	2,890	2,550	932	209	463
Depreciation	(1)	(1)	(1)	(1)	-
Interest expenses	-	-	-	-	-
Profit before taxation	2,889	2,549	931	208	463
Taxation	(882)	(723)	(265)	2	(130)
Profit after taxation	2,007	1,826	666	210	333
Weighted average no. of ordinary shares in issue ('000)	250	250	250	250	250
Net earnings per share (RM)	8.03	7.30	2.66	0.83	*4.00
Gross dividend rate (%)			400		

*Annualised

Notes:

- a) PHSB was incorporated on 29 June 1995 and the first set of accounts drawn up was for the period from 29 June 1995 to 30 June 1996.
- b) There were no exceptional/ extraordinary items during the years/period under review.
- c) No provision for tax payable on profit from operations is made in year ended 30 June 1999 as the Government has waived the tax on chargeable income earned by a company in financial year 1999.
- d) The net earnings per share is calculated by dividing the profit after taxation by the weighted average number of ordinary shares in issue during the relevant years/period.

11. ACCOUNTANTS' REPORT *(Cont'd)*

6. SUMMARISED BALANCE SHEETS

The financial year ends of Masuka and Qurozor were not co-terminous with that of HPB. The financial year ends of **HParade** and HDP were not co-terminous with that of HPB prior to 1995. For practical purposes, the individual summarised balance sheets of HPB and its subsidiary companies based on their respective audited accounts are presented as follows:

HPB

	As at		
	← As at 30 June+	31 October	
	1998 RM'000	1999 RM'000	1999 RM'000
Current assets	1	54	53
Current liabilities	5	546	592
Net current liabilities	(4)	(492)	(539)
Expenditure carried forward	4	543	590
		51	51
Share capital	• -	51	51
Net tangible assets per share (RM)	(2,000.00)	(9.65)	(10.57)

* The issued and fully paid-up share capital as at 30 June 1998 is RM2.

Note:

HPB was incorporated on 27 April 1998 and the **first** set of accounts drawn up was for the period from 27 April 1998 to 30 June 1998.

11. ACCOUNTANTS' REPORT (*Cont'd*)

HHoldings(Company Level)

	← As at 30 June →						As at 31 October
	1994	1995	1996	1997	1998	1999	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	134	117	115	111	98	84	87
Investment in subsidiary companies	10,996	11,340	16,157	17,555	17,555	18,137	18,137
Investment in associated company	5,045	5,045	5,045	5,045	-	-	
Investments in quoted shares		-			1	1	1
Current assets	14	154	4,804	5,474	32,751	18,815	19,180
Current liabilities	5,369	5,309	14,611	16,829	29,677	15,987	16,322
Net current (liabilities)/ assets	(5,355)	(5,155)	(9,807)	(11,355)	3,074	2,828	2,858
Expenditure carried forwards	7	5	2	-			
<i>Long-term liabilities</i>	-		(71)	(42)	(14)	-	-
	10,827	11,352	11,441	11,314	20,714	2 1,050	21,083
Share capital	3,886	4,664	4,664	4,664	4,664	4,714	4,714
Share application monies	1,166	-					
Share premium	-	389	389	389	389	647	647
Capital reserves	5,243	5,243	5,243	5,243	5,243	5,243	5,243
Retained profit	532	1,056	1,145	1,018	10,418	10,446	10,479
	10,827	11,352	11,441	11,314	20,714	2 1,050	21,083
Net tangible assets per share (RM)	2.79	2.43	2.45	2.43	4.44	4.47	4.47

11. ACCOUNTANTS' REPORT (Cont'd)

HUV (Company Level)

	← As at 30 June →						As at
	1994	1995	1996	1997	1998	1999	31 October
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	1999
							RM'000
Fixed assets	23	143	238	238	234	232	231
Investment in subsidiary companies	1,250	1,251	6,192	6,428	6,428	6,428	6,428
Investment in associated companies	4,373	4,373	4,276	4,373	4,373	4,373	4,373
Current assets	•	1,036	237	2	7,765	6,518	6,517
Current liabilities	5,657	6,459	10,612	10,733	18,518	17,123	17,129
Net current liabilities	(5,657)	(5,423)	(10,375)	(10,731)	(10,753)	(10,605)	(10,612)
	(11)	344	331	308	282	428	420
Share capital	1	25	25	25	25	25	25
(Accumulated losses)/ Retained profit	(12)	319	306	283	257	403	395
	(11)	344	331	308	282	428	420
Net tangible assets per share (RM)	(11.00)	13.76	13.24	12.32	11.28	17.12	16.80

11. ACCOUNTANTS' REPORT (Cont'd)

Masu ka

	← As at 31 December →						As at 31 October
	1993	1994	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	3,056	4,216	4,749	5,028	7,299	6,033	5,137
investment in unquoted shares	2	14	-	-	-	-	-
Current assets	5,551	6,911	7,450	10,661	15,808	11,995	14,494
Current liabilities	6,190	5,997	6,868	9,777	15,947	11,513	12,077
Net current (liabilities)/ assets	(639)	914	582	884	(139)	482	2,417
Long-term and deferred liabilities	(21)	(364)	(395)	(684)	(1,218)	(490)	(97)
	2,398	4,780	4,936	5,228	5,942	6,025	7,457
Share capital	510	1,530	1,530	1,530	1,530	1,530	1,530
Share premium	-	510	510	510	510	510	510
Capital reserve	-	-	-	-	2,095	1,992	1,898
Retained profit	1,888	2,740	2,896	3,188	1,807	1,993	3,519
	2,398	4,780	4,936	5,228	5,942	6,025	7,457
Net tangible assets per share (RM)	4.70	3.12	3.23	3.42	3.88	3.94	4.87

11. ACCOUNTANTS' REPORT (*Cont'd*)

Quorozor

	← As at 31 December →						As at 31 October
	1993	1994,	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	-	-	3	2	2	1	-
Property development project	-	-	-			-	994
Current assets	79	490	417	2,197	2,859	1,830	1,255
Current liabilities	82	433	318	2,046	2,675	653	1,332
Net current (liabilities)/ assets	(3)	57	99	151	184	1,177	(77)
Expenditure carried forward	2	-	-	-	-	-	-
	(1)	57	102	153	186	1,178	917
Share capital	*	25	25	25	25	500	500
(Accumulated losses)/ Retained profit	(1)	32	77	128	161	678	417
	(1)	57	102	153	186	1,178	917
Net tangible assets per share (RM)	(1,500.00)	2.28	4.08	6.12	7.44	2.36	1.83

* The issued and fully paid-up share capital as at 31 December 1993 is RM2.

11. ACCOUNTANTS' REPORT (Cont'd)

HTrading

	← As at 30 June →						As at 31 October
	1994	1995	19%	1997	1998	1999	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	8	31	34	148	22	17	16
Current assets	3,006	3,202	4,540	6,058	6,509	6,309	7,401
Current liabilities	2,630	2,729	4,092	5,405	5,945	5,905	6,966
Net current assets	376	473	448	653	564	404	435
Long-term liability		.		(50)	-	-	-
	384	504	482	751	586	421	451
Share capital	25	150	150	300	300	300	300
Retained profit	359	354	332	451	286	121	151
	384	504	482	751	586	421	451
Net tangible assets per share (RM)	15.36	3.36	3.21	2.50	1.95	1.40	1.50

11. ACCOUNTANTS' REPORT (Cont'd)

HDistripark

	← As at 30 June →						As at 31 October
	1994	1995	1996	1997	1998	1999	1999
	RM'00	RM'00	RM'00	R M ' O O	RM'00	R M ' O O	RM'000
Fixed assets	2,255	2,256	2,203	2,202	2,201	2,201	2,201
Current assets	3,711	3,578	8,672	9,728	8,674	8,924	9,471
Current liabilities	2,158	2,034	6,436	7,120	5,650	6,093	6,555
Net current assets	1,553	1,544	2,236	2,608	3,024	2,831	2,916
Expenditure carried forward	5	-	-	-	-	-	-
	3,813	3,800	4,439	4,810	5,225	5,032	5,117
Share capital	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Capital reserve	1,877	1,877	1,877	1,877	1,877	1,877	1,877
(Accumulated losses)/ Retained profit	(64)	(77)	562	933	1,348	1,155	1,240
	3,813	3,800	4,439	4,810	5,225	5,032	5,117
Net tangible assets per share (RM)	1.90	1.90	2.22	2.41	2.61	2.52	2.56

11. ACCOUNTANTS' REPORT (Cont'd)

HPP

	← As at 30 June →				As at 31 October
	<i>1996</i> RM'000	<i>1997</i> RM'000	<i>1998</i> RM'000	<i>1999</i> RM'000	1999 RM'000
Current assets		1	-		
Current liabilities	5	7	9	12	13
Net current liabilities	(5)	(6)	(9)	(12)	(13)
Expenditure carried forward	5	6	9	12	13
Share capital	* -	* -	* -	* -	* -

Net tangible assets per share (RM) (2,500.00) (3,000.00) (4,500.00) (6,000.00) (6,500.00)

* The issued and fully paid-up share capital as at 30 June 1996 to 1999 is RM2.

Note:

HPP was incorporated on 21 July 1995 and the first set of accounts drawn up was for the period from 21 July 1995 to 30 June 1996.

11. ACCOUNTANTS' REPORT (Cont'd)

HCapital

	← As at 30 June →						As at 31 October
	1994	1995	1996	1997	1998	1999	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Investment	688	688	688	688	688	688	688
Current assets		1	-	1	298	641	641
Current liabilities	376	379	381	384	679	1,020	1,020
Net current liabilities	(376)	(378)	(381)	(383)	(381)	(3 79)	(3 79)
Expenditure carried forward	1	-	-	-	-	-	
	313	310	307	305	307	309	309
Share capital	313	313	313	313	313	313	313
Capital reserve	3	3	3	3	3	3	3
Accumulated losses	(3)	(6)	(9)	(11)	(9)	(7)	(7)
	313	310	307	305	307	309	309
Net tangible assets per share (RM)	1.00	0.99	0.98	0.97	0.98	0.99	0.99

11. ACCOUNTANTS' REPORT (*Cont'd*)

HPPg

	← As at 30 June →	As at 31 October	
	1998	1999	1999
	RM'000	RM'000	RM'000
Current assets	1	1	
Current liabilities	10	13	13
Net current liabilities	(9)	(12)	(13)
Expenditure carried forward	9	12	13
	-	-	-
Share capital	• -	* -	•
Net tangible assets per share (RM)	(90.00)	(120.00)	(130.00)

* The issued and fully paid-up share capital as at 30 June 1998 to 1999 is RM 100.

Notes:

HPPg was incorporated on 29 July 1997 and the first set of accounts drawn up was for the period from 29 July 1997 to 30 June 1998.

11. ACCOUNTANTS' REPORT (Cont'd)

HParade

	← As at 31 December_)							← As at 30 June-----+	As at 31 October
	1993	1994	1995	1996	1997	1998	1999	1999	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Fixed assets	74	231	326	286	207	113	317	283	
Investment in subsidiary company	-	-	250	250	250	250	-		
Property development projects		-		8,944	11,412	14,188	7,435	7,435	
Current assets	6,217	10,381	19,008	25,232	14,167	9,505	25,698	30,083	
Current liabilities	1,380	2,994	5,849	14,767	5,150	5,729	14,058	16,872	
Net current assets	4,837	7,387	13,159	10,465	9,017	3,776	11,640	13,211	
Long-term and deferred liabilities		(27)	(87)	(83)	(390)	(200)	(133)	(67)	
	4,911	7,591	13,648	19,862	20,496	18,127	19,259	20,862	
Share capital	5,485	5,498	5,500	5,500	5,500	5,500	5,500	5,500	
(Accumulated losses)/ Retained profit	(574)	2,093	8,148	14,362	14,996	12,627	13,759	15,362	
Total capital employed	4,911	7,591	13,648	19,862	20,496	18,127	19,259	20,862	
Net tangible assets per share (RM)	0.49	0.76	1.36	1.99	2.05	1.81	1.93	2.09	

11. ACCOUNTANTS' REPORT (Cont 'd)

HLand (Company Level)

	← As at 30 June →						As at
	1994	1995	19%	1997	1998	1999	1999
	RM'000	RM'00	RM'000	RM'000	RM'000	RM'00	RM'000
Fixed assets	547	3,768	3,653	3,667	3,574	3,804	3,853
Investment in subsidiary compani	2,557	5,004	450	450	450	1,450	1,450
Other investments	.	743	396	396	-	-	-
Property development projects	6,600	8,074	5,978	1,076	1,132	1,307	1,307
Current assets	15,732	8,754	20,251	50,826	59,302	35,886	32,623
Current liabilities	11,164	12,050	0,632	27,828	46,878	24,442	20,429
Net current assets/ (liabilities)	4,568	(3,296)	11,619	22,998	12,424	11,444	12,194
Long-term and deferred liabilities	(3,500)	(190)	(6,051)	(3,139)	(329)	(326)	(234)
	10,772	14,103	16,045	25,448	17,251	17,679	18,570
Share capital	4,015	4,015	4,015	4,015	4,015	4,015	4,015
Retained profit	6,757	10,088	12,030	21,433	13,236	13,664	14,555
	10,772	14,103	16,045	25,448	17,251	17,679	18,570
Net tangible assets per share (RM)	2.68	3.51	4.00	6.34	4.30	4.40	4.63

11. ACCOUNTANTS' REPORT (Cont'd)

HLC

	← As at 30 June →				As at 31 October			
	1994 RM'000	1995 RM'000	19% RM'000	1997 RM'000	1998 RM'000	1999 RM'000	1999 RM'000	
Fixed assets	589	1,163	709	694	-	-		
Current assets	149	22	186	221	925	5,579	5,803	
Current liabilities	767	930	851	856	126	3,509	3,618	
Net current (liabilities)/ ass	(618)	(908)	(665)	(635)	799	2,070	2,185	
Long-term liability	-	-	(294)	-	-	-	-	
	(29)	(39)	44	59	799	2,070	2,185	
Share capital	•	-	*	•	•	*	1,000	1,000
(Accumulated losses)/ Retained profit	(29)	(39)	44	59	799	1,070	1,185	
	(29)	(39)	44	59	799	2,070	2,185	
Net tangible assets per share (RM)	(14,500.00)	(19,500.00)	22,000.00	29,500.00	399,500.00	2.07	2.19	

* The issued and fully paid-up share capital as at 30 June 1994 to 1998 is RM2.

11. ACCOUNTANTS' REPORT (Cont'd)

HTreasure

	← As at 30 June →						As at 31 October
	1994	1995	1996	1997	1998	1999	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Investment in associated company	3,442	3,442	3,442	3,442	3,442	3,442	3,442
Current assets	3	3	3	1	892	1,923	1,922
Current liabilities	3,340	3,350	3,356	3,360	4,248	5,278	5,279
Net current liabilities	(3,337)	(3,347)	(3,353)	(3,359)	(3,356)	(3,355)	(3,357)
	105	95	89	83	86	87	85
Share capital	130	130	130	130	130	130	130
Accumulated losses	(25)	(35)	(41)	(47)	(44)	(43)	(45)
	105	95	89	83	86	87	85
Net tangible assets per share (RM)	0.81	0.73	0.68	0.64	0.66	0.67	0.65

11. ACCOUNTANTS' REPORT (*Cunt'd*)

HVentures (Company Level)

	← As at 30 June →						As at
	1994	1995	1996	1997	1998	1999	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	.	4	4	3	3	3	2
Investment in subsidiary company	.		128	128	128	128	128
Current assets	9	3	5	3	238	233	231
Current liabilities	9	11	134	133	4	3	1
Net current (liabilities)/ assets		(8)	(129)	(130)	234	230	230
Expenditure carried forward	25	29	16	16	-	-	
	25	25	19	17	365	361	360
Share capital	25	25	25	25	25	25	25
(Accumulated losses)/ retained profit			(6)	(8)	340	340	335
	25	25	19	17	365	361	360
Net tangible assets per share (RM)	0.00	(0.16)	0.12	0.04	14.60	14.44	14.40

11. ACCOUNTANTS' REPORT (Cont'd)

HPK

	← As at 30 June →					As at 31 October
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	1999 RM'000
Fixed assets	-	-			2	6
Investment in subsidiary company	-	-	165	10	-	
Property development project	-	18,203	19,875	2,197	23,868	26,493
current assets	1,790	244	480	278	311	372
Current liabilities	1,821	9,447	3,459	5,876	6,739	8,740
Net current liabilities	(31)	(9,203)	(2,979)	(5,598)	(6,428)	(8,368)
Expenditure carried forward	31	-	-		-	
Long-term liability	-	(2,000)	(10,000)	(9,333)	(10,000)	(10,719)
		7,000	7,061	7,054	7,442	7,412
Share capital	*	7,000	7,000	7,000	7,000	7,000
Retained profit			61	54	442	412
		7,000	7,061	7,054	7,442	7,412
Net tangible assets per share (RM)	(15,500.00)	1.00	1.01	1.01	1.06	1.06

* The issued and fully paid-up share capital as at 30 June 1995 is RM2.

Notes:

HPK was incorporated on 1 November 1994 and the first set of accounts drawn up was for the period from 1 November 1994 to 30 June 1995.