
10. FINANCIAL INFORMATION *(Cont'd)*

10.3 Directors' Declaration on Financial Performance

As at 10 October 2000, being the latest practicable date prior to the printing of this Prospectus, the financial conditions and operations of the Company and its subsidiaries are not affected by any of the following:

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

10.4 Working Capital, Borrowings And Contingent Liabilities

(i) Working Capital

The Directors of KLR are of the opinion that, after taking into account the cashflow projection, banking facilities available and gross proceeds from the Rights Issue, Restricted Issue and Public Issue, the KLR Group will have adequate working capital for its current requirements.

(ii) Borrowings

As at 10 October 2000, being the latest practicable date prior to the printing of this Prospectus, the total bank facilities of the Group amounted to RM40.5 million, out of which RM3.5 million has been utilised.

Save as disclosed above, the KLR Group does not have any other borrowings and indebtedness in the form of borrowings, including bank overdraft and liabilities under acceptances, hire purchase or commitments on guarantees.

(iii) Contingent Liabilities

As at 10 October 2000, being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus, the Group does not have any material contingent liabilities.

Save as disclosed above, the KLR Group does not have any loan capital (including term loans) or convertible debt securities outstanding or created but unissued nor any mortgages or charges outstanding.

10. FINANCIAL INFORMATION (Cont'd)

10.5 Proforma Consolidated Profit Forecast



KIM LOONG
RESOURCES BERHAD
(22703-K)
錦隆資源有限公司

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PROFORMA CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS FOR THE YEAR ENDING 31 JANUARY 2001

- 1 The Directors of Kim Loong Resources Berhad ('KLR') forecast that, in the absence of unforeseen circumstances, the proforma consolidated profit after taxation and minority interests of Kim Loong Resources Berhad for the year ending 31 January 2001 will be as follows :

	<u>Forecast</u> <u>2001</u> RM'000
Turnover	<u>128,276</u>
Consolidated profit before taxation	23,088
Taxation	<u>(6,384)</u>
Consolidated profit after taxation and before minority interests	16,704
Minority interests	<u>92</u>
Consolidated profit after taxation and minority interests	16,796
Pre-acquisition profit	<u>(4,005)</u>
	<u>12,791</u>
Consolidated profit before taxation and after minority interests and pre-acquisition profit	<u>17,814</u>
Weighted average number of ordinary shares in issue	49,984,628 @
Enlarged number of ordinary shares in issue after Public Issue and Restricted Issue	106,750,000
Gross EPS (sen)	35.64 *
Net EPS (sen)	25.59 **
Fully diluted gross EPS (sen)	21.71 #
Fully diluted net EPS (sen)	15.73 ##
Gross price earning ratio based on offer price of RM1.80 per share	5.05
Net price earning ratio based on offer price of RM1.80 per share	7.03
Fully diluted gross price earning ratio based on offer price of RM1.80 per share	8.29 +
Fully diluted net price earning ratio based on offer price of RM1.80 per share	11.44 +

Notes :

- @ For the purpose of calculating the weighted average number of ordinary shares, the Public Issue and Restricted Issue are assumed to be completed in mid October 2000.
- * Calculated based on consolidated profit before taxation and after minority interests and after accounting for the pre-acquisition profit totaling RM 17,814,000 and on weighted average number of ordinary shares in issue of 49,984,628 ordinary shares.
- ** Calculated based on consolidated profit after taxation and minority interests and after accounting for the pre-acquisition profit totaling RM12,791,000 and on weighted average number of ordinary shares in issue of 49,984,628 ordinary shares.
- # Calculated based on consolidated profit before taxation and after minority interests and before accounting for the pre-acquisition profit totaling RM23,180,000 and on enlarged number of ordinary shares in issue of 106,750,000 ordinary shares.

10. FINANCIAL INFORMATION (Cont'd)

PROFORMA CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDING 31 JANUARY 2001

(Prepared for inclusion in this Prospectus)



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PROFORMA CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS FOR THE YEAR ENDING 31 JANUARY 2001 (CONTINUED)

Calculated based on consolidated profit after taxation and minority interests and before accounting for the pre-acquisition profit totalling RM16,796,000 and on enlarged number of ordinary shares in issue of 106,750,000 ordinary shares.

+ Based on fully diluted gross and net EPS.

- 2 The accounts of the following proposed subsidiary companies have been consolidated under the acquisition method of accounting :

	<u>Equity interest to be acquired</u> %
(i) Kim Loong Palm Oil Sdn. Bhd.	100
(ii) Kim Loong Corporation Sdn. Bhd.	100
(iii) Okidville Manufacturing Sdn. Bhd.	100

- 3 The principal bases and assumptions upon which the above proforma consolidated profit forecast have been made are set out below :

- a) There will be no significant changes in group structure except for the acquisitions of the proposed subsidiary companies as set out in paragraph 2 above.
- b) There will be no significant changes in the prevailing market, economic and political conditions in Malaysia and elsewhere which will adversely affect directly or indirectly the activities or performance of the Group.
- c) There will be no significant changes in present legislation or Government regulations including taxation which will adversely affect the activities of the Group.
- d) There will be no unfavourable weather conditions affecting the crop production and yields.
- e) There will be no significant changes in the principal activities, accounting policies, management policies, operating policies and management of the Group.
- f) Capital expenditure programmes will be implemented and incurred as scheduled and there will be no material investments or disposals other than those planned.
- g) There will be no major industrial disputes, disruption in the plantation and manufacturing process or any abnormal factors both domestic and overseas, which will adversely affect the activities or performance of the Group.
- h) There will be adequate supply of fresh fruit bunches ('FFB') for the Group's milling activities.
- i) Demand for and supply of products by the Group will be in line with forecast levels.

10. FINANCIAL INFORMATION (Cont'd)

PROFORMA CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS FOR THE FINANCIAL YEAR ENDING 31 JANUARY 2001
(Prepared for inclusion in this Prospectus)



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PROFORMA CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS FOR THE YEAR ENDING 31 JANUARY 2001 (CONTINUED)

- j) There will be no significant fluctuations in the exchange rates of foreign currencies against Ringgit Malaysia.
- k) The following weighted average selling prices are assumed :

	<u>2001</u>
<u>Milling operations</u>	RM/MT
Crude palm oil (CPO)	1,100
Palm kernel oil (PKO)	1,500
<u>Plantation operations</u>	
Fresh fruit bunches (FFB)	209

Notes :

The weighted average CPO and PKO prices were RM1,093/MT and RM1,790/MT respectively for the period from February 2000 to August 2000.

- l) There will be no significant fluctuation in prices and production of CPO, PKO and FFB.
- m) There will be no significant changes in the level of inflation.
- n) Existing financing facilities will remain available with no significant changes in their interest rates. The Group will also be able to obtain additional financing facilities at interest rates approximating those currently available to the Group.
- o) Proceeds from the restricted issue and public issue will be received in financial year 2001.

On behalf of the Board

GOOI SEONG LIM
Director

GOOI SEONG HEEN
Director

Date : 11 October 2000

10. FINANCIAL INFORMATION (Cont'd)

10.6 Reporting Accountants' Letter On The Consolidated Profit Forecast
(Prepared for inclusion in this Prospectus)

LIANG & CO.

(Firm No. : AF 0312)
Public Accountants

ONG & WONG

(Firm No. : AF 0241)
Public Accountants

(Prepared for inclusion in the Prospectus)

Date: 11 October 2000

The Board of Directors
Kim Loong Resources Berhad
Unit 203, 2nd Floor,
Block C, Damansara Intan
No.1, Jalan SS 20/27
47400 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

KIM LOONG RESOURCES BERHAD
PROFORMA CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 JANUARY 2001

We, Liang & Co. and Ong & Wong have jointly reviewed the accounting policies and calculations for the proforma consolidated profit forecast of Kim Loong Resources Berhad and its subsidiaries ('the Group') for which the Directors are solely responsible, for the year ending 31 January 2001, as set out in the Prospectus to be dated 18 October 2000, in connection with the Public Issue of 4,496,000 new ordinary shares of RM1.00 each in the Company at a Public Issue price of RM1.80 per ordinary share and the Restricted Issue of 28,142,000 new ordinary shares of RM1.00 each in the Company at a Restricted Issue price of RM 1.80 per ordinary share to Bumiputera companies approved and allocated by the Ministry of International Trade and Industry 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 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 set out in the Prospectus, and is presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully



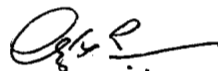
LIANG & CO.
(No. AF 0312)
Public Accountants



ONG & WONG
(No. AF 0241)
Public Accountants



SOONG AH CHYE
[No. 1767/5/02 (J)]



ONG KONG LAI
[No. 494/6/02 (J/PH)]

10. FINANCIAL INFORMATION (Cont'd)**10.7 Directors' Comments on Profit Forecast**

Prior to the Proposals, the turnover for the financial year 2001 is expected to decrease to RM11.33 million, a net decrease of RM0.70 million or 5.8% from the turnover for the financial year 2000 of RM12.03 million. The net decrease in turnover is mainly due to the drop in forecasted FFB price of approximately 20.8% to RM209 per MT in the financial year 2001 from RM264 per MT in the financial year 2000. Nevertheless, the drop in revenue is cushioned by the expected increase in the forecasted FFB production from 44,477 MT in the financial year 2000 to 53,236 MT in 2001 because of better yield per acre derived from matured plantation area.

Accordingly, a pre-tax profit of RM6.61 million and pre-tax profit margin of 58.4% are expected to be recorded in year 2001.

After the Restructuring and Listing Scheme, the turnover is expected to increase to RM128.28 million, an increase of RM116.95 million or more than ten (10) times of the turnover prior the Proposals for the year 2001 of RM11.33 million. The major contributor to the turnover is KLPO Group, which contributes about RM116.95 million or almost 91.2% of the total turnover for year 2001.

Accordingly, the KLR Group is expected to generate a pre-tax profit of RM23.09 million. The pre-tax profit (after the Restructuring and Listing Scheme) will increase by RM16.48 million or 2.5 times from RM6.61 million (before the Restructuring and Listing Scheme) in the year 2001. The increase in profit is mainly contributed by the KLPO Group.

Based upon the assumptions set out in Section 10.5 of this Prospectus and in view of the substantial contribution from the mill operations, the Directors of KLR are of the opinion that the abovementioned forecast is achievable.

10.8 Sensitivity Analysis**10.8.1 Variations in prices**

	Forecast for the financial year ending 31 January 2001					
	Profit before taxation			Profit after taxation		
	Mill	Plantation	Total	Mill	Plantation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Actual Forecast	16,838	6,250	23,088	12,498	4,206	16,704
Up 10%	18,038	7,745	25,783	13,357	5,295	18,652
Up 5%	17,437	6,997	24,434	12,927	4,750	17,677
Down 5%	16,240	5,503	21,743	12,070	3,663	15,733
Down 10%	15,640	4,754	20,394	11,640	3,117	14,757

The sensitivity analysis is prepared based on the forecast assumptions as set out in Section 10.5 above and that all other things remain unchanged except for the 5% to 10% upward or downward variations in the prices of CPO, PKO and FFB.

10. FINANCIAL INFORMATION (Cont'd)**10.8.2 Variations in Production**

	Forecast for the financial year ending 31 January 2001					
	Profit before taxation			Profit after taxation		
	Mill	Plantation	Total	Mill	Plantation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Actual Forecast	16,838	6,250	23,088	12,498	4,206	16,704
Up 10%	19,611	7,600	27,211	14,490	5,189	19,679
Up 5%	18,223	6,924	25,147	13,495	4,696	18,191
Down 5%	15,450	5,576	21,026	11,502	3,716	15,218
Down 10%	14,061	4,900	18,961	10,505	3,224	13,729

The sensitivity analysis is prepared based on the forecast assumptions as set out in Section 10.5 above and that all other things remain unchanged except for the 5% to 10% upward or downward variations in the productions of CPO, PKO and FFB.

10.9 Break-even Analysis for Milling and Plantation Operations**(i) Milling Operations***Break-even quantity ⁽¹⁾*

Products	Actual Forecast MT	Break-even quantity MT	Margin of safety	
			MT	%
CPO	85,000	19,733	65,267	76.8
PKO	13,830	3,211	10,619	76.8

The break-even price for the milling operations is not applicable as the significant portion of the milling income is derived from processing fee income which is fixed based on per MT of FFB processed and does not fluctuate with CPO and PKO prices.

(ii) Plantation Operations*Break-even quantity ⁽¹⁾*

Product	Actual Forecast MT	Break-even quantity MT	Margin of safety	
			MT	%
FFB	53,236	22,750	30,486	57.3

Break-even price ⁽²⁾

Product	Actual Forecast RM/MT	Break-even price RM/MT	Margin of safety	
			RM/MT	%
FFB	209	104	105	50.2

Notes:

- (1) The break-even analysis for quantity is prepared based on the forecast assumptions as set out in Section 10.5 of this Prospectus and that all other things remain unchanged except for the quantity of FFB purchased for milling operations and FFB produced from the plantation operations.
- (2) The break-even analysis for price is prepared based on the forecast assumptions as set out in Section 10.5 of this Prospectus and that all other things remain unchanged except for the prices of CPO, PKO and FFB.

10. FINANCIAL INFORMATION (Cont'd)

10.10 Dividend Forecast

Barring unforeseen circumstances, the Directors of the KLR Group forecast that they will be able to declare a gross dividend of 5% for the financial year ending 31 January 2001. (Note : the Restructuring and Listing Scheme is expected to be completed in the second half of year 2000. Hence, dividends will only be declared from year ending 31 January 2001).

The intended appropriation of the consolidated profit forecast after taxation in respect of the financial year ending 31 January 2001 would be as follows:

For the financial year ending 31 January	Forecast 2001 RM'000
Consolidated profit before taxation	23,088
Less: Taxation	(6,384)
Consolidated profit after taxation	<u>16,704</u>
Less: Minority interests	92
Consolidated profit after taxation and minority interests	<u>16,796</u>
Less: Pre-acquisition profit	(4,005)
Consolidated post acquisition profit after taxation and minority interests	<u>12,791</u>
Less : Proposed net dividend	<u>(3,843)</u>
Retained profit for the year	<u><u>8,948</u></u>
Gross dividend per share (sen)	5
Gross dividend yield based on the issue price of RM1.80 per ordinary shares (%)	2.78
Net dividend cover (times)	3.33

10. FINANCIAL INFORMATION (Cont'd)

10.11 Reporting Accountants' Letter On The Proforma Consolidated Balance Sheets As At 30 April 2000

(Prepared for inclusion in this Prospectus)

LIANG & CO.

(Firm No. : AF 0312)
Public Accountants

ONG & WONG

(Firm No. : AF 0241)
Public Accountants

(Prepared for inclusion in the Prospectus)

Date : 11 October 2000

The Board of Directors
Kim Loong Resources Berhad
Unit 203, 2nd Floor
Block C, Damansara Intan
No. 1, Jalan SS 20/27
47400 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs

**KIM LOONG RESOURCES BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 APRIL 2000**

We, Liang & Co and Ong & Wong have jointly reviewed the Proforma Consolidated Balance Sheets of Kim Loong Resources Berhad and its subsidiaries ('KLR' Group) as at 30 April 2000 together with the notes thereon, for which the Directors are solely responsible, as set out in the Prospectus to be dated 18 October 2000 in connection with the Public Issue of 4,496,000 new ordinary shares of RM1.00 each in the Company at a Public Issue price of RM1.80 per ordinary share and the Restricted Issue of 28,142,000 new ordinary shares of RM1.00 each in the Company at a Restricted Issue price of RM1.80 per ordinary share to Bumiputera companies approved and allocated by the Ministry of International Trade and Industry 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.

Based on the results of our review, we confirm that the Proforma Consolidated Balance Sheets of KLR Group as at 30 April 2000, which are provided for illustration purposes only, have been properly compiled on the bases set out in the notes to the Proforma Consolidated Balance Sheets.

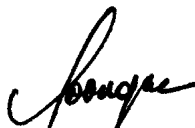
Yours faithfully,




LIANG & CO.
(No. AF 0312)
Public Accountants



ONG & WONG
(No. AF 0241)
Public Accountants



SOONG AH CHYE
[No. 1767/5/02 (J)]



ONG KONG LAI
[No. 494/6/02 (J/PH)]

10. FINANCIAL INFORMATION (Cont'd)

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 APRIL 2000
(Prepared for inclusion in this Prospectus)



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PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 APRIL 2000

- 1 The Proforma Consolidated Balance Sheets of KLR Group as set out below have been prepared for illustrative purposes only to show the effects of the proposed transactions described in Note 1.2 below :

	Audited Consolidated Balance Sheet as 30 April 2000 RM'000	Proforma I After Bonus Issue RM'000	Proforma II After Proforma I and Rights Issue RM'000	Proforma III After Proforma II and Acquisitions RM'000	Proforma IV After Proforma III and proposed Restricted Issue and Public Issue RM'000
ASSETS					
Property, plant and equipment	28,022	62,582	62,582	152,029	152,029
Quoted investments	-	-	-	6,241	6,241
Development expenditure	-	-	-	157	157
Expenditure carried forward	37	37	37	108	108
	<u>28,059</u>	<u>62,619</u>	<u>62,619</u>	<u>158,535</u>	<u>158,535</u>
CURRENT ASSETS					
Stocks	565	565	565	4,667	4,667
Trade debtors	292	292	292	4,504	4,504
Other debtors and deposits	1,176	1,176	1,176	1,765	1,765
Amount owing by holding company	1,466	1,466	-	-	-
Fixed deposits	-	-	-	7,775	7,775
Cash and bank balances	908	908	1,557	3,302	5,758
	<u>4,407</u>	<u>4,407</u>	<u>3,590</u>	<u>22,013</u>	<u>24,469</u>
CURRENT LIABILITIES					
Trade creditors	1,085	1,085	1,085	5,879	5,879
Other creditors and accruals	474	474	474	1,925	1,925
Amount owing to shareholders *	-	-	-	43,019	-
Amount owing to holding company	-	-	-	11,274	-
Amount owing to related company	817	817	-	-	-
Amount owing to related party	195	195	195	195	195
Provision for taxation	1,609	1,609	1,609	4,890	4,890
	<u>4,180</u>	<u>4,180</u>	<u>3,363</u>	<u>67,182</u>	<u>12,889</u>
NET CURRENT ASSETS/(LIABILITIES)	<u>227</u>	<u>227</u>	<u>227</u>	<u>(45,169)</u>	<u>11,580</u>
	<u>28,286</u>	<u>62,846</u>	<u>62,846</u>	<u>113,366</u>	<u>170,115</u>
Financed by :					
Share capital	10	32,381	46,000	74,112	106,750
Share premium	-	-	-	5,622	29,733
Revaluation reserve	-	107	107	107	107
Reserve on consolidation	-	-	-	7,589	7,589
Profit and loss account	12,338	12,338	12,338	12,338	12,338
Total shareholders' equity	<u>12,348</u>	<u>44,826</u>	<u>58,445</u>	<u>99,768</u>	<u>156,517</u>
MINORITY INTERESTS	25	2,107	2,107	2,111	2,111
LONG TERM AND DEFERRED LIABILITIES					
Amount owing to holding company	13,619	13,619	-	-	-
Amount owing to minority shareholders	1,139	1,139	1,139	6,381	6,381
Term loans	-	-	-	3,273	3,273
Deferred taxation	1,155	1,155	1,155	1,833	1,833
	<u>15,913</u>	<u>15,913</u>	<u>2,294</u>	<u>11,487</u>	<u>11,487</u>
	<u>28,286</u>	<u>62,846</u>	<u>62,846</u>	<u>113,366</u>	<u>170,115</u>
Net tangible assets per share (RM)	<u>1,231.10</u>	<u>1.38</u>	<u>1.27</u>	<u>1.34</u>	<u>1.47</u>

* This amount relates to amount owing to shareholders of subsidiaries for the acquisitions.

10. FINANCIAL INFORMATION (Cont'd)

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 APRIL 2000
(Prepared for inclusion in this Prospectus)



KIM LOONG
RESOURCES BERHAD
(22703-K)

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1 **Basis of preparation**

- 1.1 The Audited Consolidated Balance Sheets of KLR Group is extracted from the audited accounts of KLR Group for the three months period ended 30 April 2000, reported on without any qualification by Liang & Co.
- 1.2. The Proforma Consolidated Balance Sheets of KLR Group is prepared on bases and accounting principles consistent with those previously adopted in the preparation of the audited accounts.
- 1.3. The Proforma Consolidated Balance Sheets incorporate on a proforma basis, the following transactions as though they were effected on 30 April 2000 :

Proforma I

Proforma I incorporates the effects of the Bonus Issue of 32,371,000 ordinary shares of RM1 each at par by capitalising the revaluation reserve after adjusting for the revaluation surplus arising from the revaluation of landed properties and investment in subsidiary companies of KLR.

Proforma II

Proforma II incorporates the effects of Proforma I and Rights Issue of 13,619,000 ordinary shares of RM1 each at par.

Proforma III

Proforma III incorporates the effects of Proforma II and the following acquisitions :-

- a) Acquisition by KLR of the entire issued and paid-up share capital of Kim Loong Corporation Sdn Bhd ("KLC") comprising 100,000 ordinary shares of RM1 each for a total consideration of RM33,247,656, based on the adjusted net tangible assets of KLC as at 31 January 1999 of RM33,247,656 after adjusting for the revaluation deficit arising from the revaluation of landed properties of KLC Group of RM3,586,295 and the advances from Sharikat Kim Loong Sendirian Berhad of RM33,244,114, to be satisfied partly by the issuance of 11,910,000 new ordinary shares of RM1 each in KLR at an issue price of RM1.20 per share and the balance of RM18,955,656 in cash;
- b) Acquisition by KLR of 1,750,000 ordinary shares of RM1 each representing the entire issued and paid-up share capital of Kim Loong Palm Oil Sdn Bhd ("KLPO") for a total purchase consideration of RM34,822,135, based on the adjusted net tangible assets of KLPO as at 31 January 1999 of RM34,822,135 after adjusting for the revaluation surplus arising from the revaluation of landed properties of KLPO Group of RM5,213,003, to be satisfied partly by the issuance of 12,945,000 new ordinary shares of RM1 each in KLR at an issue price of RM1.20 per new share and the balance of RM19,288,135 in cash; and
- c) Acquisition by KLR of 100,000 ordinary shares of RM1 each representing the entire issued and paid-up share capital of Okidville Manufacturing Sdn Bhd ("OMSB") (formerly known as Unibase Manufacturing Sdn Bhd) for a total purchase consideration of RM8,683,140, based on the adjusted net tangible assets of OMSB as at 31 January 1999 of RM8,677,098 after adjusting for the revaluation surplus arising from the revaluation of the unquoted shares of RM4,481,898 and advances from directors of RM4,068,415, to be satisfied partly by the issuance of 3,257,000 new ordinary shares of RM1 each in KLR at an issue price of RM1.20 per new share and the balance of RM4,774,740 in cash.

10. FINANCIAL INFORMATION (Cont'd)

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 APRIL 2000
(Prepared for inclusion in this Prospectus)



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The abovementioned revaluation surplus/deficit are used for information purposes to determine the purchase considerations for the Acquisitions and will not be incorporated into the accounts of KLR.

The accounts of the subsidiary companies mentioned in (a), (b) and (c) above have been consolidated under the acquisition method of accounting.


Proforma IV

Proforma IV incorporates the effects of Proforma III and proposed Restricted Issue of 28,142,000 ordinary shares of RM1 each in KLR at an issue price of RM1.80 per share, and proposed Public Issue of 4,496,000 ordinary shares of RM1 each in KLR at an issue price of RM1.80 per share, of which 694,000 ordinary shares will be offered to eligible employees and suppliers of KLR Group.

2. **Movements in share capital, share premium and revaluation reserve:**

	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000
As at 30 April 2000	10	-	-
Revaluation of properties and investment in subsidiaries	-	-	32,478
Bonus Issue	32,371	-	(32,371)
As shown in Proforma I	32,381	-	107
Rights Issue	13,619	-	-
As shown in Proforma II	46,000	-	107
Acquisitions	28,112	5,622	-
As shown in Proforma III	74,112	5,622	107
Proposed Restricted Issue	28,142	22,514	-
Proposed Public Issue	4,496	3,597	-
Listing expenses	-	(2,000)	-
As shown in Proforma IV	<u>106,750</u>	<u>29,733</u>	<u>107</u>

On behalf of the Board,



GOOI SEONG LIM
Director



GOOI SEONG HEEN
Director

Date : 11 October 2000