

## 10. ACCOUNTANTS' REPORT (Cont'd)



### 6.16 Ambang Cendana

	<i>5 months ended 30.6.01 RM'000</i>	<i>Year ended 31.1.01 RM'000</i>	<i>Year ended 31.1.00 RM'000</i>	<i>9 months ended 31.1.99 RM'000</i>	<i>Year ended 30.4.98 RM'000</i>	<i>16.12.95 to 30.4.97 RM'000</i>
Revenue	-	-	-	-	-	-
Loss before charging depreciation and interest	(3)	(5)	(16)	-	-	-
Depreciation	-	-	-	-	-	-
Interest	(1)	(1)	-	-	-	-
Loss before taxation	(4)	(6)	(16)	-	-	-
Taxation	-	-	-	-	-	-
Loss after taxation	(4)	(6)	(16)	-	-	-
Ordinary shares in issue ('000)	900	900	* 75	#	#	#
Gross earnings per share (RM)	(0.00)	(0.01)	(0.21)	-	-	-
Net earnings per share (RM)	(0.00)	(0.01)	(0.21)	-	-	-
Gross dividend rate (%)	-	-	-	-	-	-

\* *Weighted average number of shares*

# *Comprising 2 shares*

#### Notes:

- Ambang Cendana has not commenced any business activity since its incorporation on 16.12.1995. The first set of financial statements were drawn up to 30.4.1997.
- There was no tax charge as the company has not commenced any business activity up to year ended 31.1.00.
- There were no extraordinary or exceptional items during the years/periods.

### 6.17 Exportex

	<i>5 months ended 30.6.01 RM'000</i>	<i>Year ended 31.1.01 RM'000</i>	<i>Year ended 31.1.00 RM'000</i>	<i>Year ended 31.1.99 RM'000</i>	<i>Year ended 31.1.98 RM'000</i>	<i>Year ended 31.1.97 RM'000</i>
Revenue	-	-	-	-	-	-
Loss before charging depreciation and interest	(2)	(5)	(3)	(2)	(2)	(2)
Depreciation	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Loss before taxation	(2)	(5)	(3)	(2)	(2)	(2)
Taxation	-	-	-	-	-	-
Loss after taxation	(2)	(5)	(3)	(2)	(2)	(2)
Ordinary shares in issue ('000)	249	250	250	250	250	*217
Gross earnings per share (RM)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)
Net earnings per share (RM)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)
Gross dividend rate (%)	-	-	-	-	-	-

\* *Weighted average number of shares*

## 10. ACCOUNTANTS' REPORT (Cont'd)



Notes:

- The company has not commenced any business activity since its incorporation.
- There was no tax charge as the company has not commenced any business activity.
- There were no extraordinary or exceptional items during the years/periods.

## 7. SUMMARISED BALANCE SHEETS

As different financial year ends were previously adopted by the companies in the KSLH Group, it is not practical to prepare proforma consolidated balance sheets of the Group for the relevant years under review and they were not significantly affected by transactions and balances between the companies in the KSLH Group except to the extent as stated in the notes below. The balance sheets of KSLH and all its subsidiary companies are therefore dealt with individually as follows:

### 7.1 KSLH

	30.6.01 RM'000	31.12.00 RM'000
Property, plant and equipment	12	13
Current assets	10	10
Current liabilities	(36)	(3)
Net current (liabilities)/assets	(26)	7
	(14)	20
Share capital	-	-
Accumulated losses	(14)	(8)
Shareholders fund	(14)	(8)
Due to Director	-	28
	(14)	20

Note:

- KSLH was incorporated on 17.4.00 and the first set of audited financial statements have been prepared to 31.12.00.
- An amount of RM30,919 due to Directors as at 30.6.01 has been classified as current liability.

### 7.2 Khoo Soon Lee

	30.6.01 RM'000	31.12.00 RM'000	31.12.99 RM'000	31.12.98 RM'000	31.1.98 RM'000	31.1.97 RM'000
Property, plant and equipment	4,902	3,925	3,081	3,074	3,148	264
Subsidiary company	1,787	1,346	710	687	674	600
Land held for future development	29,126	28,962	10,935	8,582	4,881	4,140
Current assets	98,495	95,784	49,003	24,482	18,084	13,110
Current liabilities	(56,049)	(56,903)	(23,913)	(18,914)	(16,879)	(9,897)
Net current assets	42,446	38,881	25,090	5,568	1,205	3,213
Long term liabilities	(28,617)	(28,305)	-	(1,241)	-	-
	49,644	44,809	39,816	16,670	9,908	8,217
Share capital	4,500	4,500	4,500	4,500	4,500	1,500
Retained profits	45,144	40,309	35,316	12,170	5,408	6,717
Shareholders fund	49,644	44,809	39,816	16,670	9,908	8,217

## 10. ACCOUNTANTS' REPORT (Cont'd)



## Notes:

- a) Property, plant and equipment increased in year ended 31.1.98 principally because of a purchase of property for RM2.25 million. Current liabilities correspondingly increased as the amount was outstanding as at the end of that year. The increase in year ended 31.12.00 and period ended 30.6.01 was due to the extension of its office building in Segamat and a sale office in Johor Bahru.
- b) The cost of investment in its subsidiary, Hua Jin, amounts to approximately RM250,000, the balance representing amounts due from the subsidiary.
- c) Khoo Soon Lee has gradually increased its landbank from year ended 31.12.98 onwards for future development and in year ended 31.12.00 the substantial increase was due to the purchase of Lot 71045 in Johor Bahru for the Taman Bestari project. Borrowings have correspondingly increased in the year ended 31.12.00 to finance the land acquisition.
- d) Current assets comprise principally the following advances to related parties which include the present subsidiary companies of KSLH:

	30.6.01 RM'000	31.12.00 RM'000	31.12.99 RM'000	31.12.98 RM'000	31.1.98 RM'000	31.1.97 RM'000
Amounts due	64,775	64,058	16,798	4,686	3,693	-

### 7.3 Goodpark

	30.6.01 RM'000	31.1.01 RM'000	31.1.00 RM'000	31.1.99 RM'000	31.1.98 RM'000	31.1.97 RM'001
Property, plant and equipment	50	53	25	30	31	37
Subsidiary company	2,021	2,011	1,992	1,042	-	-
Land held for future development	9,548	10,433	4,513	4,446	2,422	716
Current assets	6,281	5,548	2,890	4,559	8,254	11,411
Current liabilities	(9,573)	(9,750)	(1,850)	(2,471)	(3,752)	(5,585)
Net current (liabilities)/assets	(3,292)	(4,202)	1,040	2,088	4,502	5,826
Long term liabilities	(182)	(293)	(461)	(609)	(647)	(761)
	8,145	8,002	7,109	6,997	6,308	5,818
Share capital	3,000	3,000	3,000	3,000	3,000	330
Retained profits	5,145	5,002	4,109	3,997	3,308	5,488
Shareholders fund	8,145	8,002	7,109	6,997	6,308	5,818

## Notes:

- a) The cost of investment in subsidiary, Ambang Cendana, amounts to RM1,942,000 with the balance representing amounts due to the company.
- b) The land held for future development increased in year ended 31.1.01 principally because of the acquisition of Lot 71045 in Johor Bahru for the Taman Bestari project.
- c) Included in current assets and current liabilities are the following advances to/from related parties which include the present subsidiary companies of KSLH:

	30.6.01 RM'000	31.1.01 RM'000	31.1.00 RM'000	31.1.99 RM'000	31.1.98 RM'000	31.1.97 RM'000
Amounts due from	1,526	2,379	1,943	3,549	4,678	1,549
Amounts due to	8,154	8,445	451	427	-	-

## 10. ACCOUNTANTS' REPORT (Cont'd)

### **ERNST & YOUNG** (AF: 0039)

#### 7.4 Bintang-Bintang Development

	30.6.01 RM'000	31.12.00 RM'000	31.12.99 RM'000	31.12.98 RM'000	30.4.98 RM'000	30.4.97 RM'000
Property, plant and equipment	35	38	32	60	112	164
Associated company	-	-	-	360	360	180
Land held for future development	42,487	38,296	14,260	14,023	2,309	2,072
Investment properties	2,293	2,542	2,494	2,449	-	-
Current assets	21,851	20,590	7,270	6,675	19,875	14,011
Current liabilities	(62,664)	(58,111)	(20,976)	(14,496)	(12,225)	(9,896)
Net current (liabilities)/assets	(40,813)	(37,521)	(13,706)	(7,821)	7,650	4,115
Long term liabilities	(2,827)	(3,743)	(2,647)	(7,061)	(7,779)	(4,600)
	1,175	(388)	433	2,010	2,652	1,931
Share capital	1,500	1,500	1,500	1,500	1,500	500
Accumulated (losses)/profits	(325)	(1,888)	(1,067)	510	1,152	1,431
Shareholders fund	1,175	(388)	433	2,010	2,652	1,931

Notes:

- Land held for future development as at 31.12.98 was higher than as at the previous balance sheet date principally because of reclassification of certain properties held for long term from current assets. The increase in year ended 31.12.00 was principally due to the acquisition of Lot 71045 in Johor Bahru for the Taman Bestari project.
- Included in current assets and current liabilities are the following advances to and from related parties which include the present subsidiary companies of KSLH:

	30.6.01 RM'000	31.12.00 RM'000	31.12.99 RM'000	31.12.98 RM'000	30.4.98 RM'000	30.4.97 RM'000
Amounts due from	314	296	444	423	408	392
Amounts due to	54,843	48,485	15,175	5,457	3,641	3,538

#### 7.5 Harapan Terang

	30.6.01 RM'000	31.3.01 RM'000	31.3.00 RM'000	31.3.99 RM'000	31.3.98 RM'000	31.3.97 RM'000
Property, plant and equipment	20	21	24	30	36	39
Subsidiary company	(1,044)	449	1,180	1,277	-	-
Land held for future development	7,120	7,068	2,323	2,270	2,335	2,224
Current assets	7,397	8,020	5,095	6,266	5,986	4,602
Current liabilities	(3,503)	(5,998)	(1,526)	(2,843)	(2,933)	(3,376)
Net current assets	3,894	2,022	3,569	3,423	3,053	1,226
Long term liabilities	(104)	(152)	(335)	(504)	(588)	(702)
	9,886	9,408	6,761	6,496	4,836	2,787
Share capital	2,000	2,000	2,000	2,000	2,000	250
Retained profits	7,886	7,408	4,761	4,496	2,836	2,537
Shareholders fund	9,886	9,408	6,761	6,496	4,836	2,787

Notes:

- The cost of investment in subsidiary, Showin amounts to RM515,423, the balance of which represents amounts due to or from Harapan Terang.

## 10. ACCOUNTANTS' REPORT (Cont'd)



- b) Land held for future development increased in year ended 31.3.01 principally because of the acquisition of Lot 71045 in Johor Bahru for the Taman Bestari project.
- c) Included in current assets and current liabilities are the following advances to and from related parties which include the present subsidiary companies of KSLH:

	30.6.01 RM'000	31.3.01 RM'000	31.3.00 RM'000	31.3.99 RM'000	31.3.98 RM'000	31.3.97 RM'000
Amounts due from	2,207	2,023	1,749	1,907	414	410
Amounts due to	237	2,235	745	618	1,047	1,829

### 7.6 Tai Lik

	30.6.01 RM'000	31.12.00 RM'000	31.12.99 RM'000	31.12.98 RM'000	30.4.98 RM'000	30.4.97 RM'000
Property, plant and equipment	11	12	14	19	22	10
Land held for future development	1,426	1,422	1,420	1,420	1,419	1,419
Current assets	3,767	2,277	1,413	1,711	2,141	764
Current liabilities	(3,688)	(2,306)	(1,433)	(1,877)	(2,259)	(1,225)
Net current assets/(liabilities)	79	(29)	(20)	(166)	(118)	(461)
Long term liabilities	(2)	(2)	(3)	(3)	(3)	(3)
	1,514	1,403	1,411	1,270	1,320	965
Share capital	740	740	740	740	740	370
Retained profits	774	663	671	530	580	595
Shareholders fund	1,514	1,403	1,411	1,270	1,320	965

Notes:

- a) Current assets and current liabilities as at 31.12.00 were comparatively higher principally because of trade related balances in connection with the Taman Mutiara Project at Bekok, Segamat, Johor which commenced in that year and increased advances from a related party. Included in current assets and current liabilities are the following advances to and from related parties which include the present subsidiary companies of KSLH:

	30.6.01 RM'000	31.12.00 RM'000	31.12.99 RM'000	31.12.98 RM'000	30.4.98 RM'000	30.4.97 RM'000
Amounts due from	-	-	87	147	113	318
Amounts due to	1,943	1,120	465	375	738	230

### 7.7 Sejota

	30.6.01 RM'000	30.9.00 RM'000	30.9.99 RM'000	30.9.98 RM'000	30.9.97 RM'000	30.9.96 RM'000
Property, plant and equipment	12	15	20	25	29	34
Current assets	1,220	1,319	1,241	1,138	1,212	1,481
Current liabilities	(37)	(114)	(147)	(150)	(367)	(737)
Net current assets	1,183	1,205	1,094	988	845	744
Long term liability	-	(31)	-	-	-	-
	1,195	1,189	1,114	1,013	874	778
Share capital	276	276	276	276	276	276
Retained profits	919	913	838	737	598	502
Shareholders fund	1,195	1,189	1,114	1,013	874	778

## 10. ACCOUNTANTS' REPORT (Cont'd)

### **ERNST & YOUNG** (AF: 0039)

Notes:

- a) Included in current assets and current liabilities are the following advances to and from related parties which include the present subsidiary companies of KSLH:

	30.6.01 RM'000	30.9.00 RM'000	30.9.99 RM'000	30.9.98 RM'000	30.9.97 RM'000	30.9.96 RM'000
Amounts due from	1,198	1,316	1,115	1,239	1,023	696
Amounts due to	-	110	110	110	110	110

### 7.8 Eversonic

	30.6.01 RM'000	31.10.00 RM'000	31.10.99 RM'000	31.10.98 RM'000	31.10.97 RM'000	31.10.96 RM'000
Land held for future development	130	130	130	130	130	130
Current assets	688	687	691	692	696	696
Current liabilities	(196)	(15)	(190)	(188)	(190)	(191)
Net current assets	492	672	501	504	506	505
Long term liabilities	-	(175)	-	-	-	-
	622	627	631	634	636	635
Share capital	300	300	300	300	300	300
Retained profits	322	327	331	334	336	335
Shareholders fund	622	627	631	634	636	635

Notes:

- a) Included in current assets and current liabilities are the following advances to and from related parties which include the present subsidiary companies of KSLH:

	30.6.01 RM'000	31.10.00 RM'000	31.10.99 RM'000	31.10.98 RM'000	31.10.97 RM'000	31.10.96 RM'000
Amounts due from	675	675	675	675	675	675
Amounts due to	-	-	12	12	12	6

- b) An amount of RM177,296 due to directors as at 30.6.01 has been classified as current liability.

### 7.9 Bintang-Bintang Enterprise

	30.6.01 RM'000	31.12.00 RM'000	31.12.99 RM'000	31.12.98 RM'000	31.1.98 RM'000	31.1.97 RM'000
Property, plant and equipment	11	12	2	1	2	-
Land held for future development	3,369	3,185	548	465	462	456
Current assets	17,607	16,913	7,553	3,349	2,752	2,217
Current liabilities	(6,006)	(6,234)	(3,066)	(3,420)	(2,852)	(2,413)
Net current assets/(liabilities)	11,601	10,679	4,487	(71)	(100)	(196)
Long term liabilities	(1,359)	(1,444)	-	-	-	-
	13,622	12,432	5,037	395	364	260
Share capital	350	350	350	350	350	350
Accumulated profits/(losses)	13,272	12,082	4,687	45	14	(90)
Shareholders fund	13,622	12,432	5,037	395	364	260

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

Notes:

- a) Land held for future development as at 31.12.00 was comparatively higher because of acquisition of land during the year which comprises Lot 87, Lots 1508 and 1509, Lots 85 and 86 in Segamat amounting to RM2.8 million.
- b) Current assets as at 31.12.00 were comparatively higher due to amounts advanced to related parties which include the present subsidiary companies of KSLH. Current liabilities as at 31.12.00 were comparatively higher principally because of provision of RM2.9 million for taxes and short term portion of term loan obtained during that year. The long term portion of term loan is reflected under long term liability.
- c) Amounts due from/(to) directors and related parties which include the present subsidiaries of KSLH are as follows:

	30.6.01 RM'000	31.12.00 RM'000	31.12.99 RM'000	31.12.98 RM'000	31.1.98 RM'000	31.1.97 RM'000
Due from related parties	15,255	13,135	201	-	-	-
Due to directors	1,088	1,088	1,121	886	592	592
Due to related parties	270	215	791	709	770	683

**7.10 Prosper Plus**

	30.6.01 RM'000	31.10.00 RM'000	31.10.99 RM'000	31.10.98 RM'000	31.10.97 RM'000	31.10.96 RM'000
Land held for future development	256	255	255	255	255	255
Current assets	2	-	1	1	5	3
Current liabilities	(78)	(3)	(67)	(66)	(69)	(67)
Net current liabilities	(76)	(3)	(66)	(65)	(64)	(64)
Long term liability	-	(69)	-	-	-	-
	180	183	189	190	191	191
Share capital	200	200	200	200	200	200
Accumulated losses	(20)	(17)	(11)	(10)	(9)	(9)
Shareholders fund	180	183	189	190	191	191

Notes:

- a) An amount of RM71,318 due to Directors as at 30.6.01 has been classified as current liability.

**7.11 Harapan Terang Properties**

	30.6.01 RM'000	31.12.00 RM'000	31.12.99 RM'000	31.12.98 RM'000	31.12.97 RM'000	31.12.96 RM'000
Current assets	9,324	9,159	8,748	8,272	7,759	7,318
Current liabilities	(8,156)	(7,988)	(7,570)	(4,456)	(3,755)	(3,055)
Net current assets	1,168	1,171	1,178	3,816	4,004	4,263
Long term liabilities	-	-	-	(2,635)	(2,821)	(3,078)
	1,168	1,171	1,178	1,181	1,183	1,185
Share capital	1,200	1,200	1,200	1,200	1,200	1,200
Accumulated losses	(32)	(29)	(22)	(19)	(17)	(15)
Shareholders fund	1,168	1,171	1,178	1,181	1,183	1,185

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

Notes:

- a) Current assets include principally land and development expenditure. There was no on-going projects for the relevant years/periods. Current assets include the following amounts due by a director:

	30.6.01 RM'000	31.12.00 RM'000	31.12.99 RM'000	31.12.98 RM'000	31.12.97 RM'000	31.12.96 RM'000
Due from a director	-	-	25	25	-	-

- b) Current liabilities comprise principally amounts due to directors and related parties which include the present subsidiaries of KSLH:

	30.6.01 RM'000	31.12.00 RM'000	31.12.99 RM'000	31.12.98 RM'000	31.12.97 RM'000	31.12.96 RM'000
Due to directors	2,613	2,613	2,633	2,376	1,589	1,437
Due to related parties	5,534	5,367	4,929	1,467	1,553	997

**7.12 Hua Jin**

	30.6.01 RM'000	31.12.00 RM'000	31.12.99 RM'000	31.12.98 RM'000	31.1.98 RM'000	31.1.97 RM'000
Property, plant and equipment	46	48	-	-	-	-
Current assets	3,199	2,539	1,061	1,039	1,027	860
Current liabilities	(2,275)	(1,800)	(566)	(542)	(528)	(351)
Net current assets	924	739	495	497	499	509
Deferred liability	(3)	(3)	-	-	-	-
	967	784	495	497	499	509
Share capital	500	500	500	500	500	500
Capital reserves	32	32	32	32	32	32
Retained profits/(losses)	435	252	(37)	(35)	(33)	(23)
Shareholders fund	967	784	495	497	499	509

Notes:

- a) Current assets comprise principally land and development expenditure. The projects were still at the initial stage as at the end of 31.12.1999. The increase in current assets in year ended 31.12.00 was principally due to increased development expenditure and trade debts for houses sold in respect of Taman Berjaya Project in Cha'ah, Johor which commenced during that year.
- b) The increase in current liabilities in year ended 31.12.00 was principally due to trade related balances in connection with the development of Taman Berjaya, advances from holding company and provision for tax on profits earned during the year. Included in current liabilities are the following amounts due to holding company and related party:

	30.6.01 RM'000	31.12.00 RM'000	31.12.99 RM'000	31.12.98 RM'000	31.1.98 RM'000	31.1.97 RM'000
Due to holding company	1,537	1,097	460	437	424	350
Loan from employee	100	100	100	100	100	-



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### 7.13 Harapan Terang Realty

	30.6.01 RM'000	31.12.00 RM'000	31.12.99 RM'000	31.12.98 RM'000	31.3.98 RM'000	31.3.97 RM'000
Property, plant and equipment	6	6	-	-	-	-
Current assets	4,117	4,237	1,997	1,227	1,166	959
Current liabilities	(2,052)	(2,373)	(1,506)	(976)	(913)	(704)
Net current assets	2,065	1,864	491	251	253	255
Long term liability	(1)	(2)	-	-	-	-
	<u>2,070</u>	<u>1,868</u>	<u>491</u>	<u>251</u>	<u>253</u>	<u>255</u>
Share capital	360	360	360	360	360	360
Retained profits/(losses)	1,710	1,508	131	(109)	(107)	(105)
Shareholders fund	<u>2,070</u>	<u>1,868</u>	<u>491</u>	<u>251</u>	<u>253</u>	<u>255</u>

#### Notes:

- a) Current assets comprise principally land and development expenditure for on-going projects. Current assets as at 31.12.00 were comparability higher because of an increase in amount due from a related party.
- b) Included in current assets and current liabilities are amounts due to directors and related parties which include the present subsidiaries of KSLH:

	30.6.01 RM'000	31.12.00 RM'000	31.12.99 RM'000	31.12.98 RM'000	31.3.98 RM'000	31.3.97 RM'000
Due from related parties	3,208	2,454	139	-	-	-
Due to directors	561	563	534	322	299	191
Due to related parties	560	558	757	505	475	374

### 7.14 Showin

	30.6.01 RM'000	31.3.01 RM'000	31.3.00 RM'000	31.3.99 RM'000	31.8.98 RM'000	31.8.97 RM'000
Property, plant and equipment	-	-	-	-	-	-
Current assets	1,975	2,772	1,809	1,134	940	919
Current liabilities	(297)	(1,266)	(1,333)	(924)	(700)	(623)
Net current assets	1,678	1,506	476	210	240	296
	<u>1,678</u>	<u>1,506</u>	<u>476</u>	<u>210</u>	<u>240</u>	<u>296</u>
Share capital	330	330	330	330	330	330
Retained profits/(losses)	1,348	1,176	146	(120)	(90)	(34)
Shareholders fund	<u>1,678</u>	<u>1,506</u>	<u>476</u>	<u>210</u>	<u>240</u>	<u>296</u>

#### Notes:

- a) Current assets comprise principally land and development costs relating to an ongoing project which was launched in late 1999. Current assets as at 31.3.01 were comparatively higher because of the completion of Taman Bukit Jaya, Pogoh, Segamat, Johor, of which the unsold units of houses were reflected as stocks.

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

- b) Current liabilities were comparatively higher as at 31.3.00 and 31.3.01 principally because of trade creditors in connection with the development of Taman Bukit Jaya project and bank overdraft which was obtained for working capital purposes. Current liabilities include the following amounts due to directors and holding company and a related party which is presently a subsidiary of KSLH:

	30.6.01 RM'000	31.3.01 RM'000	31.3.00 RM'000	31.3.99 RM'000	31.8.98 RM'000	31.8.97 RM'000
Due to directors	1	1	1	-	268	204
Due to holding company	-	-	665	762	-	-
Due from holding company	1,559	67	-	-	-	-
Due to related party	2	313	201	-	-	-

**7.15 Ambang Cendana**

	30.6.01 RM'000	31.1.01 RM'000	31.1.00 RM'000	31.1.99 RM'000	30.4.98 RM'000	30.4.97 RM'000
Land held for future development	972	964	956	900	-	-
Current assets	-	1	1	1	-	-
Current liabilities	(98)	(18)	(23)	(906)	(4)	(4)
Net current liabilities	(98)	(17)	(22)	(905)	(4)	(4)
Deferred expenditure	-	-	-	5	4	4
	874	947	934	-	-	-
Share capital	900	900	900	*	*	*
Accumulated losses	(26)	(22)	(16)	-	-	-
Shareholders fund	874	878	884	-	-	-
Holding company	-	69	50	-	-	-
	874	947	934	-	-	-

\* Comprising RM2 share capital

## Notes:

- a) Ambang was incorporated on 16 December 1995 and the first set of financial statements was drawn up to 30 April 1997. It has not commenced operations except for a parcel of land purchased in year ended 31 January 1999 which is being held for future development.
- b) Current liabilities mainly comprise advances from Directors for payments made on behalf of the company. The increase in other creditors in year ended 31.1.99 is due to the amount outstanding for the purchase of land which was fully settled in the period ended 31 December 1999.
- c) The holding company is Goodpark. The amount due to the holding company was interest-free in year ended 31 January 2000 but was charged interest in year ended 31 January 2001.

## 10. ACCOUNTANTS' REPORT (Cont'd)



### 7.16 Exportex

	30.6.01 RM'000	31.1.01 RM'000	31.1.00 RM'000	31.1.99 RM'000	31.1.98 RM'000	31.1.97 RM'000
Land held for future development	409	403	395	389	381	376
Current assets	2	1	164	165	173	170
Current liabilities	(181)	(8)	(321)	(314)	(312)	(302)
Net current liabilities	(179)	(7)	(157)	(149)	(139)	(132)
Deferred liability	-	(163)	-	-	-	-
	230	233	238	240	242	244
Share capital	250	250	250	250	250	250
Accumulated losses	(20)	(17)	(12)	(10)	(8)	(6)
Shareholders fund	230	233	238	240	242	244

Notes:

- a) Exportex has not commenced operations since incorporation.
- b) Current assets and current liabilities comprise principally of amounts due from and to related parties and directors:

	30.6.01 RM'000	31.1.01 RM'000	31.1.00 RM'000	31.1.99 RM'000	31.1.98 RM'000	31.1.97 RM'000
Due from shareholders	-	-	115	115	116	141
Due from directors	-	-	49	49	53	28
Due to directors	171	163	314	309	307	297

- c) An amount of RM171,064 due to Directors as at 30.6.01 has been classified as current liability.

## 10. ACCOUNTANTS' REPORT (Cont'd)



### 8. STATEMENTS OF ASSETS AND LIABILITIES

The following statements of assets and liabilities of the KSLH Proforma Group and KSLH are based on the audited financial statements of KSLH and all its subsidiaries as at 30 June 2001. The statement of assets and liabilities of the Proforma Group is provided for illustrative purposes only to show the effects of the restructuring scheme of the KSLH Group as stated in Section 2 of this Accountants' Report, the public issue of 27,150,000 new ordinary shares of 50 sen each at an issue price of RM1.20 per share and the utilisation of proceeds therefrom, on the assumption that these transactions had been effected as at 30 June 2001. These statements should be read in conjunction with the notes in Paragraph 10 herein:

	Note	Proforma Group RM'000	KSLH RM,000
<b>Property, Plant And Equipment</b>	B	5,104	12
<b>Investment Properties</b>	C	4,598	-
<b>Land Held For Future Development</b>	D	153,445	-
<b>Current Assets</b>			
Inventories	E	5,712	-
Land and development expenditure	F	61,134	-
Debtors	G	14,907	10
Taxation recoverable		545	-
Deposits with licensed banks	H	210	-
Cash and bank balances	I	4,010	-
		<b>86,518</b>	<b>10</b>
<b>Current Liabilities</b>			
Creditors	J	10,455	5
Amount due to Directors	K	-	31
Bank borrowings	L	28,287	-
Provision for taxation		13,367	-
		<b>52,109</b>	<b>36</b>
<b>Net Current Assets/(Liabilities)</b>		<b>34,409</b>	<b>(26)</b>
<b>Long Term Liabilities</b>	M	(16,817)	-
		<b>180,739</b>	<b>(14)</b>
<b>Financed by:</b>			
Share Capital	N	90,500	*
Reserves	O	90,239	(14)
Shareholders' Equity		<b>180,739</b>	<b>(14)</b>
Number of ordinary shares of 50 sen each ('000)		<b>181,000</b>	*
Net Tangible Asset/(Liability) per share (RM)		<b>1.00</b>	<b>(264.15)</b>

\* RM53 comprising 53 ordinary shares of RM1 each

## 10. ACCOUNTANTS' REPORT (Cont'd)



### 9. CASH FLOW STATEMENTS

The following cash flow statements of the KSLH Proforma Group and KSLH are based on the audited financial statements of KSLH and all its subsidiaries for the period from 1 January 2001 to 30 June 2001. The cash flow statement of the Proforma Group is provided for illustrative purposes only to show the effects of the cashflows on the KSLH Group on the assumption that the restructuring scheme of the KSLH Group as stated in Section 2 of this Accountants' Report, the public issue of 27,150,000 new ordinary shares of 50 sen each at an issue price of RM1.20 per share and the utilisation of proceeds therefrom had been effected as at 30 June 2001. These statements should be read in conjunction with the notes in Paragraph 10 herein:

	<i>Proforma Group RM'000</i>	<i>KSLH RM'000</i>
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation	12,615	(6)
Adjustment for:		
Depreciation	244	1
Finance cost	2,195	-
Interest income	(2,094)	-
Gain on sale of investment property	(251)	-
Gain on sale of land held for future development	(23)	-
Operating profit/(loss) before working capital change	<u>12,686</u>	<u>(5)</u>
Land and development expenditure	1,398	-
Inventories	3,594	-
Trade and other receivables	(3,564)	-
Trade and other payables	(2,200)	3
Directors' account	<u>(12,545)</u>	<u>2</u>
Cash generated from operations	(631)	-
Income tax paid	(916)	-
Interest paid	<u>(2,195)</u>	<u>-</u>
Net cash used in operating activities	<u>(3,742)</u>	<u>-</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of investment property	500	-
Proceeds from disposal of land held for future development	1,209	-
Payment for land held for future development	(5,021)	-
Interest received	1,609	-
Purchase of property, plant and equipment	(1,203)	-
Share listing expenses	<u>(3,000)</u>	<u>-</u>
Net cash used in investing activities	<u>(5,906)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Proceeds from public issue of shares	32,580	-
Term loan received	5,000	-
Term loan repaid	(21,177)	-
Short term borrowings	794	-
Net cash from financing activities	<u>17,197</u>	<u>-</u>
<b>Net change in cash and cash equivalents</b>	<b>7,549</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>(17,654)</b>	<b>-</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>(10,105)</u></b>	<b><u>-</u></b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	4,010	-
Bank overdrafts (Note L)	<u>(14,115)</u>	<u>-</u>
	<u>(10,105)</u>	<u>-</u>

## 10. ACCOUNTANTS' REPORT (Cont'd)



### 10. NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES AND CASHFLOWS

#### A Significant Accounting Policies

##### Basis of Accounting

The financial statements of the Proforma Group and of the Company have been prepared under the historical cost convention, modified by the revaluation of land held for future development and investment properties, and comply with approved accounting standards issued by the Malaysian Accounting Standards Board.

##### Basis of Consolidation

The Proforma Group financial statements incorporate the financial statements of KSLH and its subsidiaries made up to 30 June 2001.

All the direct subsidiary companies are consolidated using the merger method of accounting. Under the merger method of accounting, the results of subsidiary companies qualifying for the merger method of consolidation are presented as if the companies have been combined throughout the current and previous financial years. The difference between the cost of acquisition and the nominal value of the share capital of the subsidiary companies is taken to reserves.

The financial statements of the direct subsidiaries of Khoo Soon Lee, Goodpark and Harapan Terang are consolidated based on the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiary companies so acquired or disposed are included in the consolidated financial statements of the sub-group from the date of acquisition or up to the date of disposal. The difference between the consideration paid for the shares in these subsidiary companies and the fair values of net assets of the subsidiary companies acquired, if any, have been fully credited to the income statement in previous years.

##### Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. No depreciation is provided on freehold land. Depreciation on other property, plant and equipment is calculated on the straight line method to write off the cost of the property, plant and equipment over their expected useful lives at the following annual rates:

Building	-	2%
Plant and machinery	-	10% to 20%
Motor vehicles	-	20%
Other assets	-	5% to 10%

Subsequent restoration costs relating to an item of property, plant and equipment that has been recognised, are capitalised only if such costs improve the condition of the assets beyond its originally assessed standard of performance. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

##### Investment Properties

Investments properties are stated at cost or valuation based on valuation by independent professional valuers. Any surplus arising from revaluation of an investment property is credited to revaluation reserve. Any deficit arising from revaluation of an investment property is charged to revaluation reserve to the extent of any surplus arising from the previous valuation of that investment property and any excess of such deficit over the previous surplus is charged to the income statement.

The properties are revalued at least once every 5 years.

## 10. ACCOUNTANTS' REPORT (Cont'd)



### Land Held for Future Development

Land held for future development are not intended to be developed in the near future and includes land and incidental development expenditure stated at cost or valuation. The revaluation policy for land held for development is the same as that adopted for investment properties.

### Land and Development Expenditure

Land and development expenditure are stated at cost or at their carrying value plus attributable profit less recognised losses, net of progress billings. Cost includes land cost and all development and other incidental expenditure.

### Inventories

Inventories of completed houses are stated at the lower of cost and net realisable value. Cost includes land cost (or carrying value) and all development and other incidental expenditure.

### Deferred Taxation

Deferred taxation is provided on material timing differences using the liability method except it can be demonstrated with reasonable probability that the deferrals will continue in the foreseeable future.

### Revenue Recognition

Revenue on housing development is recognised on the percentage of completion method determined by reference to the proportion that project development costs incurred bear to the total estimated project development costs. Dividend income from subsidiaries is recognised as and when such dividend is declared or proposed by the subsidiaries.

### Cash and Cash Equivalents

For the purpose of the Cash Flow Statements, cash and cash equivalents include cash and bank balances, unpledged fixed deposits and bank overdrafts.

### Capitalisation of Borrowing Costs

Interest arising from borrowings used to finance land acquisition and development of land is capitalised as part of land and development expenditure.

## B Property, Plant And Equipment

<i>Proforma Group</i>	<i>Freehold land and buildings RM'000</i>	<i>Plant and machinery RM'000</i>	<i>Motor vehicles RM'000</i>	<i>Other assets RM'000</i>	<i>Total RM'000</i>
<u>Cost</u>					
Balance as at 1 January 2001	3,002	1,057	695	1,017	5,771
Additions during the period	588	-	2	613	1,203
	<u>3,590</u>	<u>1,057</u>	<u>697</u>	<u>1,630</u>	<u>6,974</u>
<u>Accumulated Depreciation</u>					
Balance as at 1 January 2001	245	565	573	243	1,626
Charge during the period	77	62	34	71	244
	<u>322</u>	<u>627</u>	<u>607</u>	<u>314</u>	<u>1,870</u>
Net Book Value	<u>3,268</u>	<u>430</u>	<u>90</u>	<u>1,316</u>	<u>5,104</u>

## 10. ACCOUNTANTS' REPORT (Cont'd)

**ERNST & YOUNG** (AF: 0039)

<i>KSLH</i>	<i>Freehold land and buildings RM'000</i>	<i>Plant and machinery RM'000</i>	<i>Motor vehicles RM'000</i>	<i>Other assets RM'000</i>	<i>Total RM'000</i>
<u>Cost</u>					
Balance as at 1 January 2001	-	-	-	15	15
Additions during the period	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>
<u>Accumulated Depreciation</u>					
Balance as at 1 January 2001	-	-	-	2	2
Charge during the period	-	-	-	1	1
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Net Book Value	<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>

### C Investment Properties

	<i>Proforma Group RM'000</i>	<i>KSLH RM'000</i>
At valuation	<u>4,598</u>	<u>-</u>

The valuation of investment properties was based on valuation by Messrs Colliers Jordan Lee & Jaffar (JH) Sdn Bhd, an external professional firm of valuers in March 2000 using the fair or open market value basis and as approved by the Securities Commission. Certain investment properties are pledged as securities for bank facilities as stated in Note L.

### D Land Held For Future Development

	<i>Proforma Group RM'000</i>	<i>KSLH RM'000</i>
At cost	5,937	-
At valuation	147,508	-
	<u>153,445</u>	<u>-</u>

Included in land held for future development of the Proforma Group is interest capitalised for the 6 months period amounting to RM2,049,105.

The valuation of land held for future development was based on valuation by Messrs Colliers Jordan Lee & Jaffar (JH) Sdn Bhd, an external professional firm of valuers in March 2000 using the fair or open market value basis and as approved by the Securities Commission. Certain land held for future development is pledged as security for bank facilities as stated in Note L.



**10. ACCOUNTANTS' REPORT (Cont'd)****E Inventories**

	<i>Proforma Group RM'000</i>	<i>KSLH RM'000</i>
At cost	5,690	-
At net realisable value	22	-
	<u>5,712</u>	<u>-</u>

**F Land And Development Expenditure**

	<i>Proforma Group RM'000</i>	<i>KSLH RM'000</i>
Land at carrying value	496	-
Land at cost	38,170	-
Development expenditure	44,835	-
	<u>83,501</u>	<u>-</u>
Attributable profits	17,063	-
	<u>100,564</u>	<u>-</u>
Progress billings received and receivable	(39,430)	-
	<u>61,134</u>	<u>-</u>

Certain land under development is pledged as security for bank facilities as stated in Note L to the financial statements. Included in development expenditure of the Proforma Group are the following items charged for the 6 months period:

	<i>Proforma Group RM'000</i>	<i>KSLH RM'000</i>
Depreciation	24	-
Interest	628	-
Rental of machinery	116	-
	<u>768</u>	<u>-</u>

**G Debtors**

	<i>Proforma Group RM'000</i>	<i>KSLH RM'000</i>
Trade debtors	11,811	-
Provision for doubtful debts	(31)	-
	<u>11,780</u>	<u>-</u>
Related parties	540	-
Other debtors	2,587	10
	<u>14,907</u>	<u>10</u>

The amount due from related parties is unsecured, has no fixed terms of repayment and is interest-free.

**H Deposits With Licensed Banks**

These are pledged as security for bank guarantee facilities.

**10. ACCOUNTANTS' REPORT (Cont'd)****I Cash and Bank Balances**

	<i>Proforma Group RM'000</i>	<i>KSLH RM'000</i>
Restricted bank balances	2,742	-
Other cash and bank balances	510	-
	<u>3,252</u>	<u>-</u>
Proceeds from public issue of 27,150,000 ordinary shares of 50 sen each at an issue price of RM1.20 each	32,580	-
Utilised for following purposes :		
Repayment of term loan	(16,277)	-
Repayment to Directors	(12,545)	-
Share listing expenses	(3,000)	-
	<u>4,010</u>	<u>-</u>

The restricted bank balances represent monies maintained in accordance with the provisions of the Housing Developers (Housing Development Accounts) Regulations 1991.

**J Creditors**

	<i>Proforma Group RM'000</i>	<i>KSLH RM'000</i>
Trade creditors	7,062	-
Related parties	1,119	-
Other creditors	2,274	5
	<u>10,455</u>	<u>5</u>

The amount due to related parties is unsecured, has no fixed terms of repayment and is interest-free.

**K Amount Due To Directors**

	<i>Proforma Group RM'000</i>	<i>KSLH RM'000</i>
Due to Directors of KSLH and its subsidiaries	12,545	31
Repayment to Directors	(12,545)	-
	<u>-</u>	<u>31</u>

The amount due to Directors is unsecured, interest-free and will be repaid out of the proceeds of the public share issue of KSLH.

## 10. ACCOUNTANTS' REPORT (Cont'd)



### L Bank Borrowings

	<i>Proforma Group RM'000</i>	<i>KSLH RM'000</i>
Term loans	41,372	-
Portion repayable after 12 months (Note M)	(32,994)	-
Portion repayable within 12 months	8,378	-
Bankers' acceptances	794	-
Revolving credits	5,000	-
Bank overdrafts	14,115	-
	<u>28,287</u>	<u>-</u>

The above borrowings are secured by way of legal charges over the investment properties, land held for future development of the Proforma KSLH Group and properties of third parties. The borrowings are jointly and severally guaranteed by certain Directors.

The term loans are repayable over a period not exceeding 5 years from the date of last drawdown and other borrowings are repayable on demand. Term loan of RM13,466,000 is charged 2.6 % above the Kuala Lumpur Interbank Offered Rate. Other borrowings bear interest rates at rates ranging from 1.5% to 1.75% above the banks' base lending rate per annum.

Under the terms and conditions of the above facilities, the subsidiaries to which the facilities are granted shall not incur or assume additional indebtedness or guarantee and indebtedness except in the ordinary course of business or alter the present ownership structure or extend loans to shareholders, directors, associates and related companies unless written consent is obtained from the bank.

### M Long Term Liabilities

	<i>Proforma Group RM'000</i>	<i>KSLH RM'000</i>
Term loans (Note L)	32,994	-
Repayment of term loan (Note I)	(16,277)	-
	16,717	-
Deferred taxation	100	-
	<u>16,817</u>	<u>-</u>

**10. ACCOUNTANTS' REPORT (Cont'd)****N Share Capital**

	<i>Proforma Group RM'000</i>	<i>KSLH RM'000</i>
<u>Authorised</u>		
As at 1 January 2001 : 500,000,000 ordinary shares of RM1 each	500,000	500,000
Converted to 1,000,000,000 ordinary shares of 50 sen each	-	-
As at 30 June 2001 : 1,000,000,000 ordinary shares of 50 sen each	<u>500,000</u>	<u>500,000</u>
<u>Issued and fully paid</u>		
As at 1 January 2001 : 2 ordinary shares of RM1 each	*	*
Issue of 51 new ordinary shares of RM1 each	**	**
Converted to 106 ordinary shares of 50 sen each	-	-
Issue of 153,849,894 ordinary shares of 50 sen each	76,925	-
Public issue of 27,150,000 ordinary shares of 50 sen each	13,575	-
As at 30 June 2001 : 181,000,000 ordinary shares of 50 sen each	<u>90,500</u>	<u>***</u>

\* RM2

\*\* RM51

\*\*\* RM53 comprising 53 ordinary shares of RM1 each

**O Reserves**

	<i>Proforma Group RM'000</i>	<i>KSLH RM'000</i>
<u>Non Distributable</u>		
Capital reserve	20	-
Share premium	16,005	-
Revaluation reserve	61,741	-
Merger deficit	<u>(62,249)</u>	-
	15,517	-
<u>Distributable</u>		
Profit and loss account	74,722	(14)
	<u>90,239</u>	<u>(14)</u>

**11. SUBSEQUENT EVENTS**

Since the date of the last audited financial statements of KSLH and of its subsidiaries which were dealt with in this report, there has been no subsequent event which would require any amounts stated herein to be adjusted or any further disclosure that is required to be made in this report.

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

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**12. NET TANGIBLE ASSETS COVER**

Based on the statement of assets and liabilities of the KSLH Proforma Group as at 30 June 2001, the proforma consolidated Net Tangible Asset per ordinary share of 50 sen each is calculated as follows:


	<i>RM'000</i>
Net tangible assets of the Proforma KSLH Group after the acquisition of of subsidiaries but before public issue	151,159
Proceeds from public issue	<u>32,580</u>
	183,739
Less: Estimated cost of flotation	<u>(3,000)</u>
Adjusted Proforma Net Tangible Assets	<u><u>180,739</u></u>
	<i>'000</i>
Number of ordinary shares after conversion of RM1 par value per share to 50 sen par value per share	*
Issue of ordinary shares of 50 sen each to acquire subsidiary companies	153,850
Public issue of ordinary shares of 50 sen each	<u>27,150</u>
Adjusted number of ordinary shares of 50 sen each	<u><u>181,000</u></u>
Proforma Net Tangible Assets cover per ordinary share (RM)	<u><u>1.00</u></u>


\* *Comprising 106 ordinary shares*

**13. AUDITED FINANCIAL STATEMENTS**

No audited financial statements have been drawn up in respect of any period subsequent to 30 June 2001.

Yours truly,

  
Ernst & Young  
AF: 0039  
Chartered Accountants

  
Wun Mow Sang  
1821/12/02(J)  
Partner