

## 9. ACCOUNTANTS' REPORT..... *cont'd*

(Prepared for inclusion in this Prospectus)

lower effective tax rate while the disallowance of certain expenses and the inclusion of dividend income out of pre-acquisition profit in the subsidiary resulted in a higher effective rate for FYE 2002 and for the 6 month period to 31 January 2003 respectively.

- iv. There were no exceptional and extraordinary items in all the financial years/period under review.
- v. The Company's eligibility to claim reinvestment allowance resulted in the actual tax rate lower than the statutory rate for the FYE 1998 and FYE 2000.
- vi. The gross and net earnings per share are calculated based on the profit before taxation and the profit after taxation over the weighted average number of ordinary shares in issue during the year/period.

### 6.11 HISB

	----- Year ended 31 July -----					6 mths to
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	4,417	1,700	2,147	1,807	2,048	1,059
Profit before charging depreciation & interest	387	173	218	119	228	117
Depreciation	(264)	(123)	(59)	(56)	(5)	(1)
Operating profit	123	50	159	63	223	116
Interest expense	-	-	-	-	-	-
Profit before taxation	123	50	159	63	223	116
Taxation	(58)	-	(30)	(9)	(56)	(29)
Profit after taxation	65	50	129	54	167	87
Weighted average number of ordinary shares of RM1.00 each in issue	570,000	570,000	570,000	570,000	570,000	570,000*
Gross earnings per share (sen)	21.53	8.82	27.85	11.09	39.03	40.73*
Net earnings per share (sen)	11.45	8.82	22.58	9.51	29.18	30.67
Gross dividend per ordinary share (%)	Nil	Nil	Nil	Nil	526	Nil

\* Annualised

#### Notes:

- i. All sales, that is scaffolding components, were made to the Holding Company, HMSB. The significant decline in revenue for FYE 1998 is mainly attributed to certain overheads i.e. depreciation and wages being fixed notwithstanding the much reduced throughput volume. As the construction industry was an immediate casualty of the economic downturn in 1997, FYEs 1998 and 1999 saw the steep contraction of demand for the Company's products (decline by 45.5% and 61.5% respectively over the preceding year's). This decline was accentuated by the existing high level of stocking then by the Holding Company



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and much time would lapse before there was a need to restock to comfortable levels to meet customers needs once more.

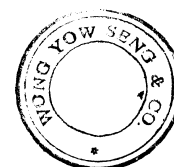
As FYEs 1998 and 1999 saw substantially decreased demand for its products, the gross profit margin suffered as fixed overheads remained constant despite the much reduced throughput volume. For FYE 2000, the slated economic recovery saw increased construction activity, resulting in higher revenue. However, as the recovery was not sustained, revenue for FYE 2001 declined when fabrication works were reduced due to the low demand for scaffolding experienced by its Holding Company. For FYE 2002, revenue managed to increase by 13.36%, mainly attributable to the increase in sales to Holding Company (HMSB) and the fabrication of new product such as Crab 60 for HTSM. The 6 month period to 31 January 2003 saw slight turnover increase of 3.43% (on annualised basis) over the preceding year's mainly due to the increase in sales to HMSB.

In FYE 2000, the 52% decrease in depreciation charge over the previous year (with most plant & machinery being fully depreciated) resulted in a 100% increase in the gross profit margin. However, in FYE 2001, the increase in labour wages and the renewal of workshop tools caused a 44% decline in the gross profit margin over the previous year's. For FYE 2002, the Company was able to achieve a 139% increase in gross profit margin from the fabrication of a new product - Crab 60 for HSTM. This fabrication work and the sales to HMSB has enabled the Company to maintain the gross profit margin for the 6 month period to 31 January 2003 from FYE 2002.

- ii. The taxation charge has been adjusted to reflect the under/overprovision to their various respective years and is as follows:-

	----- Year ended 31 July -----					6 mths to
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As per audited Income Statement	55	(1)	28	10	56	29
Adjustment to reallocate taxation under/(over)provided to respective years	3	1	2	(1)	-	-
Adjusted taxation	58	-	30	9	56	29

- iii. For FYE 1998, the effective tax rate was higher than the statutory tax rate due to the disallowance of certain non-tax deductible expenses. No provision has been made for taxation for FYE 1999 as any tax payable would have been waived in accordance with the provisions of the Income Tax (Amendment) Act, 1999. For FYEs 2000 to 2002, the lower effective tax rate is attributed to the higher capital allowances enjoyed over the depreciation charge. Meanwhile, the lower effective tax rate for 6 month period to 31 January 2003 is due to the Company's first RM50,000 (pro-rated) chargeable income attracting income tax at the rate of 20%, upon a change in legislation.
- iv. There were no exceptional and extraordinary items in all the financial years/period under review.
- v. The gross and net earnings per share are calculated based on the profit before taxation and the profit after taxation over the weighted average number of ordinary shares in issue during the year/period.



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6.12 **BDSB**

	----- Year ended 31 July -----					6 mths to
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,611	1,767	2,033	2,151	2,377	1,271
Profit before charging depreciation & interest	432	479	401	423	506	320
Depreciation	(361)	(370)	(368)	(308)	(329)	(164)
Operating profit	71	109	33	115	177	156
Interest expense	(34)	(59)	(25)	(5)	(1)	(2)
Profit before taxation	37	50	8	110	176	154
Taxation	(36)	10	(5)	(29)	(32)	(51)
Profit after taxation	1	60	3	81	144	103
Weighted average number of ordinary shares of RM1.00 each in issue	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000 *
Gross earnings per share (sen)	3.10	4.15	0.63	9.16	14.65	25.64 *
Net earnings per share (sen)	0.12	4.99	0.20	6.74	11.98	17.13
Gross dividend per ordinary share (%)	Nil	7	Nil	5	5	Nil

\* Annualised

Note:

- i. From FYE 1998 to FYE 2002, the Group's revenue increased, with growing demand for the Company's services and together with improved efficiency arising from the introduction of commission pay in addition to fixed salary to drivers in 1997 and better management control over them. The addition of a new lorry and the sufficient number of vehicles to operate enabled the turnover for the 6 month period to 31 January 2003 to increase by 6.92% on annualised basis over the preceding financial year's.

The enlarged lorry fleet in FYE 1998 resulted in increased depreciation charge and maintenance costs, eating into the pretax margin, drawing it to a low of 2.31%. The slight improvement of profit before taxation in FYE 1999 from FYE 1998 is attributed to turnover increasing faster than operational costs. The decline in profit before taxation by 84.82% in FYE 2000 from FYE 1999 is attributed mainly to the increase in staff costs and repair and maintenance expenses on lorries. Profit before taxation for FYE 2001 increased by 1,353.4% over the preceding year, attributed mainly to lower depreciation charge and the increase in revenue taking place at a rate faster than the increase in overhead expenses such as administration and staff costs. The increase in profit before taxation for FYE 2002 over the previous financial year is attributed to the higher



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turnover achieved and lower administration cost incurred and for the 6 month period to 31 January 2003 is attributed to the higher turnover achieved and the further reduction in transportation costs charged by third parties.

- ii. The taxation charge has been adjusted to reflect the under/overprovision to their various respective years and is as follows:-

	----- Year ended 31 July -----					6 mths to
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As per audited Income Statement	35	(10)	1	22	60	29
Adjustment to reallocate taxation under/(over)provided to respective years	1	-	4	7	(28)	22
Adjusted taxation	36	(10)	5	29	32	51

- iii. The effective tax rates for FYE 2000 and the 6 month period to 31 January 2003 are higher than the statutory tax rates due to the higher depreciation charge added back compared to the capital allowances claimed and certain expenses non-allowable for tax purpose. For FYE 2001, the lower effective tax rate is attributed to higher capital allowances enjoyed over the depreciation charge. The significant high effective tax rate for FYE 1998 is due to the higher depreciation charge added back and balancing charge arising from the disposal of lorries. For FYE 2002, the reversal of deferred taxation provision has resulted in a lower effective tax rate. The reversal of deferred taxation provision in 1999 resulted in a negative effective tax rate. No provision has been made for taxation for FYE 1999 as any tax payable would have been waived in accordance with the provisions of the Income Tax Act (Amendment) Act, 1999.
- iv. There were no exceptional and extraordinary items in all the financial years/period under review.
- v. The gross and net earnings per share are calculated based on the profit before taxation and the profit after taxation over the weighted average number of ordinary shares in issue during the year/period.

**7. Summarised balance sheets**

The summarised audited balanced sheet of Hiap Teck Venture, HTH, HTP, HTSM, HT Steel, HT Holdings, THH, APM, HMSB, HISB and BDSB based on the audited financial statements as at the end of the 5 financial years ended 31 July 1998 to 31 July 2002 and the 6 month period to 31<sup>st</sup> January, 2003 are set out below:-



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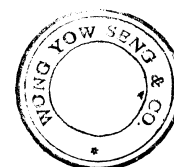
**7.1 Hiap Teck Venture**

**(a) Proforma Group**

	----- As at 31 July -----					As at
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Goodwill on consolidation	1,048	1,048	1,048	996	944	917
Property, plant & equip't	118,281	118,249	114,875	109,405	98,518	97,569
Expenditure carried forward	46	46	255	318	504	645
Deferred taxation benefit	-	-	390	457	465	112
Current assets	227,052	229,157	263,725	285,331	266,161	262,760
Current liabilities	248,959	253,332	277,081	277,689	235,790	204,632
Net current (liabilities)/assets	(21,907)	(24,175)	(13,356)	7,642	30,371	58,128
	97,468	95,168	103,212	118,818	130,802	157,371
Share capital	75,774	75,774	75,774	75,774	75,774	75,774
Reserves	(592)	8,487	20,275	33,914	47,012	56,580
	75,182	84,261	96,049	109,688	122,786	132,354
Long term liabilities	20,314	8,815	4,209	5,685	1,846	18,313
Deferred taxation liability	1,972	2,092	2,954	3,445	6,170	6,704
	97,468	95,168	103,212	118,818	130,802	157,371
Net tangible assets per share (RM)	0.49	0.55	0.63	0.72	0.80	0.86

Notes

1. The above proforma consolidated balance sheets have been prepared solely for illustrative purposes based on the following assumptions:-
  - i. the acquisition of the subsidiary companies has been effective since 1<sup>st</sup> August, 1997.
  - ii. the revaluation of the landed properties of the subsidiary companies was carried out and the revaluation surplus was incorporated into each respective companies' books before they were acquired by Hiap Teck Venture.
  - iii. the additional 300,000 ordinary shares of RM1.00 each issued on 8<sup>th</sup> December, 1999 by Hiap Teck Venture deemed to have been issued during the financial year ended 31<sup>st</sup> July, 1998.
  - iv. the 84,652,188 new shares of RM0.50 sen each in HTVB issued for the acquisition of Lots 6085, 6088 and 6089 from United Coconut Fibre Products Sdn. Bhd. and K.H.L. Sdn. Bhd. have not been included and hence no adjustment has been made to reflect the resulting rent saved if the acquisition had been effected from 1<sup>st</sup> August, 1997.
2. The taxation charge of each subsidiary has been adjusted to reallocate the under/overprovisions to their various respective years.



**9. ACCOUNTANTS' REPORT..... cont'd**  
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## 3. Reserves

	----- As at 31 July -----					As at
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-distributable						
Revaluation surplus	17,491	17,491	17,491	17,491	17,491	17,491
Distributable						
Retained profits	31,887	40,966	52,754	66,393	79,491	89,059
Less: Merger deficit	(49,970)	(49,970)	(49,970)	(49,970)	(49,970)	(49,970)
	(18,083)	(9,004)	2,784	16,423	29,521	39,089
	(592)	8,487	20,275	33,914	47,012	56,580

4. The adjusted issued and paid-up share capital of the Company is 151,547,812 ordinary shares of 50 sen each for all the above financial years/period.

## (b) Company level

	----- As at 31 July -----					As at
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Expenditure carried forward	5	5	221	318	504	645
Current assets	-	-	1	-	-	1
Current liabilities	312	316	299	399	619	787
Net current liabilities	(312)	(316)	(298)	(399)	(619)	(786)
	(307)	(311)	(77)	(81)	(115)	(141)
Share capital <sup>+</sup>	#	#	300	300	300	300
Accumulated loss	(307)	(311)	(377)	(381)	(415)	(441)
	(307)	(311)	(77)	(81)	(115)	(141)
Net liabilities per share (RM)	(77,875)	(79,053)	(0.50)	(0.66)	(1.03)	(1.31)

# The issued and paid-up share capital is RM2.00.

+ The par value of ordinary share of RM1.00 each has been sub-divided into 2 ordinary shares of RM0.50 each on 31st December 2001 and the number of shares in issue for all the years have been adjusted accordingly.

## Note:

1. In FYE 2000, Hiap Teck Venture expensed off the preliminary expenses as this item does not meet the criteria of an asset except for the expenses incurred to date on the current on going exercise to float the Company's shares on the Kuala Lumpur Stock Exchange. This change in accounting policy was in line with the



## 9. ACCOUNTANTS' REPORT..... cont'd

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adoption of MASB 1 and has no material impact on the results of Hiap Teck Venture.

### 7.2 HTH

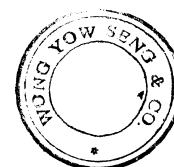
	----- As at 31 July -----					As at
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant & equip't	2,550	2,293	1,732	1,214	373	1,458
Subsidiary companies	5,734	5,734	5,734	5,734	5,734	5,734
Deferred tax benefit	-	-	-	-	-	20
Current assets	144,627	150,645	170,082	173,968	157,889	146,386
Current liabilities	133,529	138,397	155,461	156,260	136,768	107,107
Net current assets	11,098	12,248	14,621	17,708	21,121	39,279
	19,382	20,275	22,087	24,656	27,228	46,491
Share capital	12,000	12,000	12,000	12,000	12,000	12,000
Retained profits	6,712	8,075	9,960	12,634	15,224	16,514
	18,712	20,075	21,960	24,634	27,224	28,514
Long term liabilities	587	132	-	-	-	17,977
Deferred taxation liability	83	68	127	22	4	-
	19,382	20,275	22,087	24,656	27,228	46,491
Net tangible assets per share (RM)	1.56	1.67	1.83	2.05	2.27	2.38

Note:

- The above balances have been adjusted to reflect the under/overprovision of taxation to their various respective years.

### 7.3 HTP

	----- As at 31 July -----					As at
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant & equip't	36,116	36,445	36,454	32,932	28,838	28,697
Current assets	103	106	116	4,489	13	61
Current liabilities	27,415	30,451	32,744	34,298	27,670	27,835
Net current liabilities	(27,312)	(30,345)	(32,628)	(29,809)	(27,657)	(27,774)
	8,804	6,100	3,826	3,123	1,181	923



**9. ACCOUNTANTS' REPORT..... cont'd**  
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	----- As at 31 July -----					As at
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	100	100	100	100	100	100
(Accumulated loss)/						
Retained profits	(218)	(496)	(483)	715	622	820
	(118)	(396)	(383)	815	722	920
Deferred tax liability	-	-	-	-	-	3
Long term liabilities	8,922	6,496	4,209	2,308	459	-
	8,804	6,100	3,826	3,123	1,181	923
Net tangible assets/(liabilities) per share (RM)	(1.18)	(3.96)	(3.83)	8.15	7.22	9.20

Note:

- The above balances have been adjusted to reflect the under/overprovision of taxation to their various respective years.

**7.4 HTSM**

	----- As at 31 July -----					As at
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Plant & equipment	4,997	6,554	6,839	3,721	3,453	4,054
Deferred taxation benefit	-	-	390	457	465	91
Current assets	10,639	13,781	9,091	11,615	10,977	11,106
Current liabilities	12,491	16,049	11,262	10,347	9,105	8,783
Net current (liabilities)/assets	(1,852)	(2,268)	(2,171)	1,268	1,872	2,323
	3,145	4,286	5,058	5,446	5,790	6,468
Share capital	2,500	2,500	2,500	2,500	2,500	2,500
Retained profits	539	1,786	2,558	2,946	3,290	3,968
	3,039	4,286	5,058	5,446	5,790	6,468
Long term liabilities	106	-	-	-	-	-
	3,145	4,286	5,058	5,446	5,790	6,468
Net tangible assets per share (RM)	1.22	1.71	2.02	2.18	2.32	2.59

Note:

- The above balances have been adjusted to reflect the under/overprovision of taxation to their various respective years/period.





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(Prepared for inclusion in this Prospectus)

**7.5 HT Steel**

	----- As at 31 July -----					As at
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Plant & equipment	16,005	16,816	18,115	18,230	18,295	18,276
Expenditure carried forward	37	37	34	-	-	-
Current assets	-	41	22	38	47	24
Current liabilities	11,467	15,616	18,422	19,614	20,435	20,738
Net current liabilities	(11,467)	(15,575)	(18,400)	(19,576)	(20,388)	(20,714)
	4,575	1,278	(251)	(1,346)	(2,093)	(2,438)
Share capital	2,400	2,400	2,400	2,400	2,400	2,400
Accumulated loss	(255)	(1,452)	(2,651)	(3,746)	(4,493)	(4,838)
	2,145	948	(251)	(1,346)	(2,093)	(2,438)
Long term liabilities	2,430	330	-	-	-	-
	4,575	1,278	(251)	(1,346)	(2,093)	(2,438)
Net tangible assets/(liabilities)						
per share (RM)	0.88	0.38	(0.12)	(0.56)	(0.87)	(1.02)

Note:

- In FYEs 2000 and 2001, HT Steel expensed off the preliminary expenses and pre-operating expenses respectively as these items do not meet the criteria of an asset. This change in accounting policy was in line with the adoption of MASB 1 and has no material impact on the results of HT Steel.

**7.6 HT Holdings**

	----- As at 31 July -----					As at
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Expenditure carried forward	3	3	-	-	-	-
Current liabilities	56	64	70	73	(78)	(80)
	(53)	(61)	(70)	(73)	(78)	(80)
Share capital	#	#	#	#	#	#
Accumulated loss	(53)	(61)	(70)	(73)	(78)	(80)
	(53)	(61)	(70)	(73)	(78)	(80)
Net tangible liabilities						
per share (RM)	(28,105)	(32,324)	(35,129)	(36,339)	(38,911)	(39,842)

# The issued share capital was RM2.00.



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Note:

- In FYE 2000, HT Holdings expensed off the preliminary expenses as this item do not meet the criteria of an asset. This change in accounting policy was in line with the adoption of MASB 1 and has no material impact on the results of HT Holdings.

### 7.7 THH

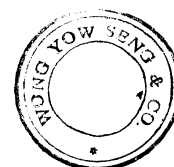
	----- As at 31 July -----					As at
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant & equipment	607	1,415	1,441	1,431	1,137	1,127
Deferred tax benefit	-	-	-	-	-	1
Current assets	6,372	6,503	7,613	7,424	6,811	5,499
Current liabilities	2,705	3,477	4,314	3,725	2,412	1,025
Net current assets	3,667	3,026	3,299	3,699	4,399	4,474
	4,274	4,441	4,740	5,130	5,536	5,602
Share capital	2,400	2,400	2,400	2,400	2,400	2,400
Retained profits	1,868	2,035	2,333	2,725	3,128	3,202
	4,268	4,435	4,733	5,125	5,528	5,602
Deferred taxation liability	6	6	7	5	8	-
	4,274	4,441	4,740	5,130	5,536	5,602
Net tangible assets per share (RM)	1.78	1.85	1.97	2.14	2.30	2.33

Note:

- The above balances have been adjusted to reflect the under/overprovision of taxation to their various respective years.

### 7.8 APM

	----- As at 31 July -----					As at
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Plant & equipment	29,386	27,576	24,279	27,484	23,234	21,402
Current assets	98,606	109,651	153,331	168,298	165,995	157,259
Current liabilities	105,079	114,731	147,332	151,770	134,707	117,312
Net current (liabilities)/assets	(6,473)	(5,080)	5,999	16,528	31,288	39,947
	22,913	22,496	30,278	44,012	54,522	61,349



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	----- As at 31 July -----					As at
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	3,904	3,904	3,904	3,904	3,904	3,904
Retained profits	11,013	16,736	25,606	35,193	44,855	52,053
	14,917	20,640	29,510	39,097	48,759	55,957
Long term liabilities	7,996	1,856	-	3,377	1,387	336
Deferred taxation liability	-	-	768	1,538	4,376	5,056
	22,913	22,496	30,278	44,012	54,522	61,349
Net tangible assets per share (RM)	3.82	5.29	7.56	10.01	12.49	14.33

Note:

- The above balances have been adjusted to reflect the under/overprovision of taxation to their various respective years.

**7.9 HMSB**

	----- As at 31 July -----					As at
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Plant & equipment	8,225	7,029	6,055	4,799	3,699	3,153
Subsidiary company	3,192	3,192	3,192	3,192	3,192	3,094
Current assets	29,421	35,718	40,336	38,944	34,631	20,783
Current liabilities	23,332	26,392	28,901	26,010	18,589	3,089
Net current assets	6,089	9,326	11,435	12,934	16,042	17,694
	17,506	19,547	20,682	20,925	22,933	23,941
Share capital	6,000	6,000	6,000	6,000	6,000	6,000
Retained profits	10,454	12,472	13,564	13,983	16,069	17,191
	16,454	18,472	19,564	19,983	22,069	23,191
Long term liabilities	122	-	-	-	-	-
Deferred taxation liability	930	1,075	1,118	942	864	750
	17,506	19,547	20,682	20,925	22,933	23,941
Net tangible assets per share (RM)	2.74	3.08	3.26	3.33	3.68	3.87

Note:

- The above balances have been adjusted to reflect the under/overprovision of taxation to their various respective years.



**9. ACCOUNTANTS' REPORT..... cont'd**  
(Prepared for inclusion in this Prospectus)

7.10 **HISB**

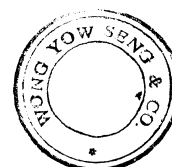
	----- As at 31 July -----					As at
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Plant & equipment	244	121	64	7	2	1
Current assets	4,077	4,238	4,435	4,374	3,534	2,412
Current liabilities	385	373	384	212	281	150
Net current assets	3,692	3,865	4,051	4,162	3,253	2,262
	3,936	3,986	4,115	4,169	3,255	2,263
Share capital	570	570	570	570	570	570
Retained profits	3,366	3,416	3,545	3,599	2,685	1,693
	3,936	3,986	4,115	4,169	3,255	2,263
Net tangible assets per share (RM)	6.90	6.99	7.22	7.31	5.71	3.97

Note:

- The above balances have been adjusted to reflect the under/overprovision of taxation to their various respective years.

7.11 **BDSB**

	----- As at 31 July -----					As at
	1998	1999	2000	2001	2002	31.1.2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Plant & equipment	1,047	896	792	484	383	298
Current assets	1,242	1,110	1,085	1,371	1,632	1,732
Current liabilities	524	402	279	173	253	231
Net current assets	718	708	806	1,198	1,379	1,501
	1,765	1,604	1,598	1,682	1,762	1,799
Share capital	1,200	1,200	1,200	1,200	1,200	1,200
Retained profits	354	353	356	436	537	597
	1,554	1,553	1,556	1,636	1,737	1,797
Long term liabilities	150	-	-	-	-	-
Deferred taxation liability	61	51	42	46	25	2
	1,765	1,604	1,598	1,682	1,762	1,799
Net tangible assets per share (RM)	1.29	1.29	1.30	1.36	1.45	1.50



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**9. ACCOUNTANTS' REPORT..... cont'd**  
(Prepared for inclusion in this Prospectus)

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Note:

1. The above balances have been adjusted to reflect the under/overprovision of taxation to their various respective years.

**8. Proforma Statement Of Assets And Liabilities**

The following statement of assets and liabilities of the Company and Proforma Group have been prepared based on the audited financial statements as at 31 January, 2003.

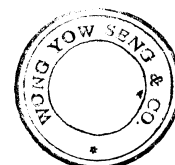
The proforma statement of assets and liabilities and the notes thereon have been prepared for illustrative purpose based on the balance sheet as at 31 January, 2003, incorporating the acquisitions of three properties, the acquisitions of Subsidiary companies HTH, THH, APM, HMSB and BDSB and the public issue, private placement and the restricted issue of shares on the assumption that these were effected on that date.



**9. ACCOUNTANTS' REPORT..... cont'd**  
(Prepared for inclusion in this Prospectus)

	Note	Company RM'000	Proforma Group RM'000
<b>Property, plant &amp; equipment</b>	8.2	-	163,103
<b>Goodwill on consolidation</b>	8.3	-	917
<b>Expenditure carried forward</b>		645	-
<b>Deferred taxation benefit</b>	8.4	-	112
<b>Current assets</b>			
Inventories	8.5	-	128,651
Trade receivables	8.6	-	102,082
Other receivables, deposits & prepayments		-	11,857
Deposit with licensed bank		-	17,271
Taxation recoverable		-	1,900
Cash in hand & at banks		1	32,204
		1	293,965
<b>Current liabilities</b>			
Trade payables	8.7	-	6,057
Bank borrowings	8.8	-	170,935
Loan payables	8.9	-	1,131
Taxation		-	3,336
Other creditors & accruals		787	9,207
		787	190,666
<b>Net current (liabilities)/assets</b>		(786)	103,299
		(141)	267,431
<b>Financed by:-</b>			
Share capital	8.10	300 #	163,700
Share premium	8.11	-	22,134
Reserves	8.12	(441)	56,580
		(141)	242,414
<b>Long term &amp; deferred liabilities</b>			
Bank borrowings	8.8	-	18,054
Loan payables	8.9	-	259
Deferred taxation liability	8.13	-	6,704
		(141)	267,431
<b>Net (liabilities)/tangible assets per share (RM)</b>		(1.31)	0.74

# The issued share capital is RM300,002



## 9. ACCOUNTANTS' REPORT..... *cont'd*

(Prepared for inclusion in this Prospectus)

### 8.1 Notes to the proforma statement of assets and liabilities

#### 8.1.1 Basis of preparation of the financial statements

The statement of assets and liabilities have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

#### 8.1.2 Significant accounting policies

All significant accounting policies set out below are adopted by the Group and the Company and are consistent with those applied in the previous years.

##### a. Basis of accounting

The financial statements of the proforma Group and the Company have been prepared under the historical cost convention as modified by the revaluation of the freehold and leasehold (long-term) land and the buildings thereon.

##### b. Basis of consolidation

The proforma consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies made up to 31 January 2003. The subsidiary companies are consolidated using the merger method of accounting in accordance with MASB No 21. Under the merger method of accounting, the results of the subsidiary companies are combined throughout the current period and previous financial years. The excess of the nominal value of the shares issued by the Company over the nominal value of the shares in subsidiaries exchanged for has been recorded as a merger deficit. This merger deficit is adjusted against the retained profits.

The above combination includes the Group financial statements of HTH which is made up of HTH and its subsidiaries, HTP, HTSM, HT Holdings and HT Steel and the Group financial statements of HMSB and its subsidiary HISB, all consolidated using the acquisition method of accounting. The cost of investment, being greater than the underlying net asset value of the shares in the subsidiary, results in a goodwill upon consolidation. The goodwill is being amortised over a period of 20 years.

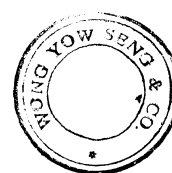
All inter-company balances and transactions have been eliminated upon consolidation and the consolidated financial statements reflect external transactions only.

##### c. Property, plant & equipment and depreciation

Property, plant & equipment are stated at valuation/cost less accumulated depreciation and impairment losses. The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. When such indication exists, the carrying amount of the assets are assessed and will be written down immediately to its recoverable amount.

No amortisation and depreciation have been provided for on the leasehold land and buildings that have not been put into use yet.

Depreciation, calculated to write off the costs of the assets over their expected economic lives, has been provided for on all other property, plant & equipment on the straight line basis at the following annual rates:-



**9. ACCOUNTANTS' REPORT..... cont'd**  
(Prepared for inclusion in this Prospectus)

<i>Asset</i>	<i>Rate</i>
Buildings	2%
Plant & machinery	10 – 20%
Electrical installation	10%
Motor vehicles	20%
Equipment for hire	40%
Dies & jigs	20%
Tools & equipment	20%
Heavy equipment	20%
Renovation	10 – 20%
Containers	10%
Signboard	10%
Furniture & fittings	10 – 20%
Office equipment	10 – 20%
Forklift	20%
Air conditioners	10%
Carpet	10%
Software	20%

The depreciation charge on the above assets for the period under review is based on the above annual rates pro-rated according to the number of months the period under review bears in relation to normal calendar year.

d. Revaluations

The Group's policy is to revalue the land & buildings held as property, plant & equipment at least once in every five years or such shorter periods whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

e. Assets under hire purchase

Plant and equipment acquired under hire purchase arrangement are capitalised at their purchase cost and depreciated on the same basis as owned assets. The corresponding obligations relating to the remaining capital payments are treated as a liability. Interest expense is charged to income statement over the duration of the hire purchase based on the sum of digits method.

f. Expenditure carried forward

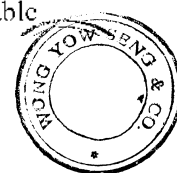
This refers to the Company expenses incurred to date on the current on going exercise to float the Company's shares on the Kuala Lumpur Stock Exchange as part of the Group's restructuring scheme.

g. Inventories

All categories of inventories are valued at the lower of cost and net realisable value. Cost of merchandise and raw materials is determined on the weighted average basis after adequate provision has been made for all old, damaged, obsolete or slow moving and obsolete stocks. Cost in the case of finished goods and work-in-progress includes overheads and manufacturing expenses.

h. Deferred taxation

Deferred taxation is provided for using the balance sheet liability method on all timing differences except where it can be demonstrated with reasonable





## 9. ACCOUNTANTS' REPORT..... cont'd

(Prepared for inclusion in this Prospectus)

probability that the tax deferrals will continue in the foreseeable future. Deferred taxation benefit from deductible temporary timing differences where there is reasonable expectation of realisation has been recognised in the financial statements.

### i. Currency translations

Transactions in foreign currencies are recorded in Malaysian ringgit at the approximate rates of exchange ruling at the date of transactions or at contracted rates where applicable. Foreign currency assets and liabilities are reported at the rate of exchange ruling at the balance sheet date. Gains or losses on exchange are dealt with in the Income Statement. The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:-

1 US dollar	RM3.800
1 SG dollar	RM2.194
1 Euro dollar	RM4.110
1 Australian dollar	RM2.236

### j. Revenue recognition

Revenue from the sale of goods is recognised upon delivery of the goods while revenue from transport charges is recognised when the services have been performed.

Income from the rental of properties & scaffolding and overdue interest have been accounted for in the Income Statement and are recognised on a time apportionment basis.

### k. Cash and cash equivalents

Cash and cash equivalents represent cash in hand, at banks, time deposits with banks (excluding pledged deposits) and bank overdraft balances.

### l. Impairment of assets

There is no material impact on the financial statements as a result of applying the standard imposed by MASB statement no 23 other than that already adopted.

The preparation of these financial statements to comply with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make accounting estimates and assumptions that may affect the disclosed amount of such assets and liabilities and the disclosure of such contingent assets and liabilities as at the date of the financial statements and the reported amount of revenues and expenses for the period ended on that date. In this instant, based on the assumptions made by the Directors, no other accounting estimates need to be provided for. Actual results may differ from such estimates and assumptions made by the Directors.

Known bad debts are written off and specific allowances are made for debts considered to be doubtful of collection.

### m. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks, including market risk, interest rate risk, foreign exchange risk, credit risk, liquidity and cash flow risk. The overall financial risk management objective is to ensure that the Group creates value for its shareholders. This is done through regular risk



## 9. ACCOUNTANTS' REPORT..... *cont'd*

(Prepared for inclusion in this Prospectus)

reviews, internal control systems and adherence to Group financial risk management policies to managing these risks and minimising any potential adverse effects on the financial performance of the Company in accordance with prevailing economic and operating conditions.

Financial instruments are classified as liabilities or equity in accordance with substance of the contractual arrangements and are recognised in the balance sheet where the Group has become a party to the contractual provisions of the instrument. The particular recognition method adopted for financial instruments recognised in the balance sheet is disclosed in the individual accounting policy associated with each item.

Market risks are inherent in both the purchase and sale of merchandise goods. The Group ensures that materials are being sourced at competitive prices and as well as in sufficient quantities.

Credit risk is the potential risk of financial loss from the failure of a customer or counterparty to settle their financial and contractual obligations to the Group as and when they fall due. The maximum credit exposure of the Group is represented by carrying amounts of the trade and other receivables as shown on the balance sheet.

The Group's risk from its bank and other borrowings arises from the interest rates being subject to change which will have an adverse effect on the Group's financial condition. The Group does not hedge interest rate risks. It ensures that it obtains borrowings at competitive interest rates under the most favourable terms and conditions.

The exposure to foreign currency risk arises from the fluctuation in foreign currency exchange rates that may adversely affect its purchases and the Group generally tries to minimise by forward exchange contracts.

Cash flow and liquidity risk is minimised by constant monitoring of funds flow and ensure that adequate credit facilities are in place to meet their obligations as and when they are due.

### n. Fair values

The fair values of financial instruments refer to the amounts at which these instruments could be realised or settled between independent and mutually willing parties in an arm's length transaction.

## 8.2 Property, plant & equipment

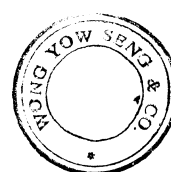
Proforma Group	Balance					Balance
	b/forward	Additions	Disposals	Adjust.	Revaluation	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At valuation</b>						
Freehold Land	13,418	26,255	-	-	5,100	44,773
Leasehold Land	4,713	-	-	-	(343)	4,370
Buildings	13,822	39,279	-	(816)	13,626	65,911
	31,953	65,534	-	(816)	18,383	115,054
<b>At cost</b>						
Buildings	259	-	-	-	-	259
Heavy equipment	1,119	-	-	-	-	1,119



**9. ACCOUNTANTS' REPORT..... cont'd**  
(Prepared for inclusion in this Prospectus)

Proforma Group	Balance					Balance c/forward RM'000
	b/forward	Additions	Disposals	Adjust.	Revaluation	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Plant & machinery	78,947	63	-	-	-	79,010
Die & jig	275	-	-	-	-	275
Electrical installation	1,537	-	-	-	-	1,537
Forklift	101	-	-	-	-	101
Tools & equipment	76	-	-	-	-	76
Equipment for hire	10,901	1,708	(2,296)	-	-	10,313
Motor vehicles	5,240	1,979	(1,489)	-	-	5,730
Office renovation	409	-	-	-	-	409
Office equipment	2,619	50	-	-	-	2,669
Furniture & fittings	405	1	-	-	-	406
Carpet	20	-	-	-	-	20
Containers	20	-	-	-	-	20
Air-conditioner	7	-	-	-	-	7
Software	42	-	-	-	-	42
	101,977	3,801	(3,785)	-	-	101,993
Total	133,930	69,335	(3,785)	(816)	18,383	217,047

	Balance b/forward RM'000	Disposals RM'000	Charge for period RM'000	Adjust. RM'000	Balance c/forward RM'000	Net book value RM'000
<b>Less: Accumulated depreciation</b>						
<b>At valuation</b>						
Freehold Land	-	-	-	-	-	44,773
Leaschold Land	-	-	-	-	-	4,370
Buildings	1,369	-	92	(816)	645	65,266
	1,369	-	92	(816)	645	114,409
<b>At cost</b>						
Buildings	-	-	46	-	46	213
Heavy equipment	1,119	-	-	-	1,119	-
Plant & machinery	34,772	-	2,833	-	37,605	41,405
Die & jig	264	-	3	-	267	8
Electrical installation	861	-	77	-	938	599
Forklift	92	-	2	-	94	7
Tools & equipment	65	-	2	-	67	9
Equipment for hire	7,613	(2,267)	1,193	-	6,539	3,774
Motor vehicles	4,639	(1,489)	396	-	3,546	2,184
Office renovation	392	-	3	-	395	14
Office equipment	2,300	-	48	-	2,348	321
Furniture & fittings	256	-	19	-	275	131
Carpet	10	-	1	-	11	9
Containers	16	-	1	-	17	3
Air-conditioner	4	-	1	-	5	2
Software	23	-	4	-	27	15



**9. ACCOUNTANTS' REPORT..... cont'd**  
(Prepared for inclusion in this Prospectus)

	<b>Balance b/forward</b>	<b>Disposals</b>	<b>Charge for period</b>	<b>Adjust.</b>	<b>Balance c/forward</b>	<b>Net book value</b>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
	52,426	(3,756)	4,629	-	53,299	48,694
<b>Total</b>	<b>53,795</b>	<b>(3,756)</b>	<b>4,721</b>	<b>(816)</b>	<b>53,944</b>	<b>163,103</b>

As at 31.1.2003, certain motor vehicles of RM1,788,930 in net book value are under hire purchase financial arrangements.

**8.3 Goodwill on consolidation**

	<i>Proforma Group RM'000</i>
Balance on beginning of period	-
Goodwill on consolidation in subsidiaries acquired	917
Balance at end of period	<u>917</u>

**8.4 Deferred taxation benefit**

The deferred tax benefit balance consists of the following items:-

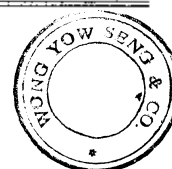
	<i>Proforma Group RM'000</i>
Excess of depreciation charge over capital allowances claimed	118
Provision for expenses claimed	59
Foreign exchange gain - unrealised	(65)
Net deferred tax asset of deductible temporary differences	<u>112</u>

**8.5 Inventories**

	<i>Proforma Group RM'000</i>
Raw materials	41,619
Work-in-progress	6,929
Finished goods	32,036
Merchandise goods	48,067
	<u>128,651</u>

**8.6 Trade receivables**

	<i>Proforma Group RM'000</i>
Trade receivables	110,609
Less: Allowance for doubtful debts	8,527
	<u>102,082</u>



**9. ACCOUNTANTS' REPORT..... cont'd**  
(Prepared for inclusion in this Prospectus)

The currency exposure profile of trade receivables is as follows:-

	<i>Proforma Group</i> <i>RM'000</i>
Ringgit Malaysia	76,833
Singapore dollar	15,619
US dollar	9,035
Australian dollar	58
Euro dollar	537
	<u>102,082</u>

The normal credit term extended by the Group range from 14 days to 90 days.

**8.7 Trade payables**

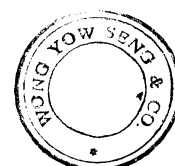
The currency exposure profile of trade payables is as follows:-

	<i>Proforma Group</i> <i>RM'000</i>
Ringgit Malaysia	5,744
Singapore dollar	313
	<u>6,057</u>

The normal credit term granted to the Group range from 7 days to 90 days.

**8.8 Bank borrowings**

	<i>Proforma Group</i>	
	<b>Unsecured</b> <i>RM'000</i>	<b>Secured</b> <i>RM'000</i>
Term loans	-	23,391
Less: Amount repayable after 12 months (classified under Long term liabilities)	-	18,054
	-	<u>5,337</u>
Bankers acceptances	37,325	115,016
Trust receipts	424	24,404
Revolving credit	-	3,000
Overdrafts	778	1,251
	<u>38,527</u>	<u>149,008</u>
	(38,527)	38,527
		<u>187,535</u>
Less: Proposed repayment of bank borrowings		16,600
Amount repayable within 12 months (classified under Current liabilities)		<u>170,935</u>



**9. ACCOUNTANTS' REPORT..... cont'd**  
(Prepared for inclusion in this Prospectus)

	<i>Proforma Group Secured RM'000</i>
Amount repayable after 12 months is as follows:-	
- later than 1 year but less than 2 years	2,830
- later than 2 years but less than 5 years	8,956
- later than 5 years	6,268
	<u>18,054</u>

Term loans These are secured on the freehold & leasehold land and plant & machinery of certain Subsidiaries & third parties and certain directors personal guarantees and carried interest at rates ranging from 7.9% to 8.9% p.a.

Bankers' ) These are secured on certain properties, time deposit, third  
acceptances ) parties, corporate guarantees of certain subsidiaries and  
Trust receipts ) third parties and certain directors and third parties personal  
Revolving credit ) guarantees. The overdrafts carry interest at rates based on  
Bills payable ) the BLR plus 1.5% to 2% pa. whilst the trust receipts,  
Bank overdrafts ) revolving credit and bills payable carry interest at rates  
based on the BLR plus 1.2% to 2% pa. The bankers  
acceptances carry commission at bankers' quoted rate plus  
1.25% to 2% pa.

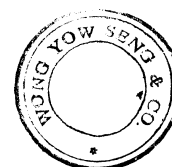
**8.9 Loan payables**

	<i>Proforma Group RM'000</i>
Hire purchase payables	
Balance	1,455
Less: Interest-in-suspense	65
	<u>1,390</u>
Less: Repayable within 12 months (classified under <b>Current liabilities</b> )	1,131
Repayable after 12 months but less than 2 years (classified under <b>Long term liabilities</b> )	<u>259</u>

The hire purchase payables are secured over certain motor vehicles belonging to subsidiary companies and carry interest at rates ranging from 3.80% to 4.625% p.a. flat on the sum financed for the duration of the loans.

**8.10 Share capital**

	<i>Company RM'000</i>	<i>Proforma Group RM'000</i>
Authorised:		
200,000,000 ordinary shares of RM0.50 each	100,000	100,000



**9. ACCOUNTANTS' REPORT..... cont'd**  
(Prepared for inclusion in this Prospectus)

	<i>Company</i>	<i>Proforma</i>
	<i>RM'000</i>	<i>Group</i>
		<i>RM'000</i>
Issued & fully paid :-		
As at 31 January, 2003	300	300
Additions:		
150,947,808 ordinary shares of RM0.50 each issued as consideration for acquisition of subsidiary companies	-	75,474
84,652,188 ordinary shares of RM0.50 each issued as consideration for acquisition of properties	-	42,326
91,200,000 ordinary shares of RM0.50 each from the public issue, private placement & restricted issue	-	45,600
	<u>300</u>	<u>163,700</u>

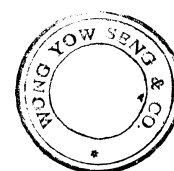
**8.11 Share premium**

	<i>Company</i>	<i>Proforma</i>
	<i>RM'000</i>	<i>Group</i>
		<i>RM'000</i>
Share premium arising from		
- the issue of 84,652,188 ordinary shares of RM0.50 each at an issue price of RM0.74304045 per share as consideration for the acquisition of properties	-	20,574
- the public issue of 10,000,000 ordinary shares of RM0.50 each at an issue price of RM0.55 each	-	500
- the private placement of 66,400,000 ordinary shares of RM0.50 each at an issue price of RM0.55 per share	-	3,320
- the restricted issue of 14,800,000 ordinary shares of RM0.50 each at an issue price of RM0.55 each per share	-	740
	<u>-</u>	<u>25,134</u>
Less: Estimated listing expenses	-	3,000
	<u>-</u>	<u>22,134</u>

In accordance with the merger relief of Section 60(4) of the Companies Act, 1965, no premium is recorded in the share premium account of Hiap Teck Venture for the acquisition of the subsidiary companies.

**8.12 Reserves**

	<i>Company</i>	<i>Proforma</i>
	<i>RM'000</i>	<i>Group</i>
		<i>RM'000</i>
Non-distributable reserve - Revaluation surplus	-	17,491
Revenue reserve - (Accumulated loss) / Retained profits	(441)	89,059
Less: Merger deficit	-	(49,970)
	<u>(441)</u>	<u>39,089</u>
	<u>(441)</u>	<u>56,580</u>



**9. ACCOUNTANTS' REPORT..... cont'd**  
(Prepared for inclusion in this Prospectus)

**8.13 Deferred taxation liability**

The deferred tax liability balance consists of the following items:-

	<i>Company</i>	<i>Proforma</i>
	<i>RM'000</i>	<i>Group</i>
		<i>RM'000</i>
Excess of capital allowances claimed over depreciation charge	-	5,824
Provision for expenses claimed	-	(136)
Foreign exchange gain - unrealised	-	124
Net deferred tax liability of taxable temporary differences	-	5,812
Deferred RPG tax upon incorporation of revaluation surplus	-	892
	-	6,704

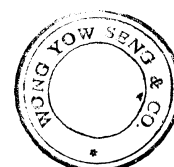
**8.14 Capital commitments**

There are no material outstanding capital commitments as at 31 January 2003.

**8.15 Proforma consolidated cash flow statement**

The following proforma consolidated cash flow statement has been prepared for illustrative purposes only and is based on the audited cash flow statements of Hiap Teck Venture and its subsidiary companies for the financial period ended 31 January 2003 on the basis that the Hiap Teck Venture Group has been in existence throughout the whole period under review.

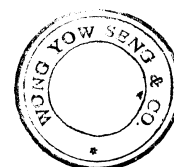
	<i>Proforma</i>
	<i>Group</i>
	<i>RM'000</i>
<b>Cash flows from operating activities</b>	
Profit before taxation as per Income Statement	15,445
Adjustments for:-	
Goodwill amortised	26
Unrealised foreign exchange gain	(696)
Allowance for bad debts	4,587
Depreciation	4,721
Interest expenses	6,053
Share flotation expenses	(141)
Interest income	(106)
Profit on disposal of property, plant & equipment	(3,320)
Operating profit before working capital changes	26,569





**9. ACCOUNTANTS' REPORT..... cont'd**  
 (Prepared for inclusion in this Prospectus)

	<i>Proforma</i>
	<i>Group</i>
	<i>RM'000</i>
	<i>RM'000</i>
Increase in inventories	(11,231)
Decrease in trade & other receivables	88,224
Decrease in trade & other payables	(63,060)
Cash flows from operations	<u>40,502</u>
Interest paid	(6,181)
Interest received	41
Tax paid	(3,123)
Net cash flows from operating activities	<u>31,239</u>
<b>Cash flows from investing activities</b>	
Purchase of plant & equipment	(2,191)
Proceeds from sale of property, plant & equipment	3,346
Time deposit pledged with licensed bank	(15,203)
Fixed deposit interest received	53
Net cash flows from investing activities	<u>(13,995)</u>
<b>Cash flows from financing activities</b>	
Proceeds from term loan	20,000
Repayment of loan	(49,549)
Dividend paid	(918)
Funds from public issued & private placement & restricted issue - net of listing placement	47,805
Net cash flows from financing activities	<u>17,338</u>
<b>Net increase in cash &amp; cash equivalents</b>	<u>34,582</u>
<b>Currency translation differences</b>	2
<b>Cash &amp; cash equivalents brought forward</b>	<u>(2,342)</u>
<b>Cash &amp; cash equivalents carried forward</b>	<u><u>32,242</u></u>
<i>a. Analysis of cash &amp; cash equivalents</i>	
Deposits with licensed bank	17,271
Cash & bank balances	32,204
Bank overdrafts	(2,030)
	<u>47,445</u>
Less: Deposit pledged with licensed bank	15,203
	<u><u>32,242</u></u>



**9. ACCOUNTANTS' REPORT..... cont'd**  
(Prepared for inclusion in this Prospectus)

	<i>Proforma Group RM'000</i>
<i>b. Acquisition of property, plant &amp; equipment</i>	
Hire purchase arrangement	1,610
Cash purchase	2,191
	<u>3,801</u>

**8.16 Net tangible assets cover**

Based on the proforma statement of assets and liabilities of Hiap Teck Venture Group as at 31 January 2003, the net tangible asset per share will be as follows:-

	<i>Proforma Group RM'000</i>
Net asset of Proforma Hiap Teck Venture Group	242,414
Less: Goodwill on consolidation	917
Net tangible asset as at 31 January 2003	<u>241,497</u>
Number of ordinary shares of RM0.50 each assumed in issue ('000)	<u>327,400</u>
Net tangible asset per ordinary share (RM)	<u>0.74</u>

**8.17 Subsequent events**


There were no significant subsequent events between the date of the last financial statements used in the preparation of this report and the date of this report which will affect materially the contents of this report.

**8.18 Audited financial statements**

No audited financial statements of Hiap Teck Venture or its subsidiary companies have been prepared in respect of any period subsequent to 31 January 2003.

Yours faithfully

  
WONG YOW SENG & CO  
Firm No AF 0252  
Chartered Accountants

  
WONG YOW SENG  
C.A.(M), C.P.A.  
Approval No. 694/03/05 (J/PH)