

7. FINANCIAL INFORMATION

7.1 Consolidated Profit and Dividend Records

The proforma consolidated audited results of the HTVB Group for the past five(5) financial years ended 31 July 2002 and the six(6)-month period ended 31 January 2003 based on the assumption that the Group had been in existence throughout the period under review are set out in the table below. The table has been extracted from the Accountants' Report set out in Section 9 of this Prospectus and should be read in conjunction with the notes thereto.

	Financial year ended 31 July					6 months ended
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	31.01.03 RM'000
Revenue	362,785	295,773	428,819	424,761	534,692	243,326
EBIDTA	47,315	44,432	44,875	43,435	45,637	26,246
Depreciation	(8,227)	(10,244)	(11,548)	(11,217)	(10,250)	(4,722)
Amortisation	-	-	-	(52)	(52)	(26)
Operating profit	39,088	34,188	33,327	32,166	35,335	21,498
Interest expense	(29,600)	(23,226)	(16,265)	(16,751)	(14,103)	(6,053)
PBT before EI	9,488	10,962	17,062	15,415	21,232	15,445
EI	-	-	-	1,212	(599)	-
PBT	9,488	10,962	17,062	16,627	20,633	15,445
Less: Taxation	(1,894)	(120)	(4,050)	(2,988)	(6,374)	(5,202)
PAT attributable to shareholders	7,594	10,842	13,012	13,639	14,259	10,243
No. of Shares assumed in issue ('000)*	151,548	151,548	151,548	151,548	151,548	151,548
Gross EPS (sen)	6.26	7.23	11.26	10.97	13.61	^ 20.38
Net EPS (sen)	5.01	7.15	8.59	9.00	9.41	^ 13.52

Notes:-

* Assuming the Acquisitions has been implemented and the Group has been in existence throughout the financial years/period under review.

^ Annualised.

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7. FINANCIAL INFORMATION..... cont'd**7.2 Analysis and Commentary on Financial Performance**

- i. Economic crisis affected trading sector badly in FYE 1998, resulting in manufacturing and servicing sectors contributing to 95% of the profit before taxation. The trading sector, however, recovered by 93% in FYE 1999. Group revenue increased by 44.98% from FYE 1999 to FYE 2000 with the recovery of the economy, mainly from the manufacturing and servicing sectors but it showed a slight drop of 0.95% in FYE 2001 due to lower demand for scaffolding (HMSB). Revenue for FYE 2002 improved by 25.88% mainly from higher sales by HTH and APM. For the 6 month period to 31 January 2003, the implementation of stricter credit control resulted in a 8.98% decline (on annualised basis) in the Group's from the previous year.

The Group's recovery was led by APM, doubling its contribution to 42.78% of the profit before taxation in FYE 1998 from FYE 1997 and increasing to almost 55% in FYE 1999. For FYE 2000, HTH nearly doubled its profit before taxation whilst APM's increased by 73.8%, improving the Group's profit before taxation for FYE 2000 by 55.65% over FYE 1999's. For FYE 2001, the decline in contribution by HMSB of 9% resulted in a 2.55% decline on the Group's profit before taxation. For FYE 2002, the Group achieved an increase of 24.09% pre-tax profit over the previous year's with most contribution coming from APM - its contribution to the Group pre-tax profit increased from 64.9% to 65.8%. However, for the 6 month period to 31 January 2003, notwithstanding the decline in revenue, the Group managed to increase the profit before taxation by 49.72% (on annualised basis) over the previous year's, mainly through APM's performance.

- ii. The acquisitions of HTH, APM, HMSB, THH and BDSB have been consolidated using the method of merger accounting.
- iii. Except for the exceptional items in FYEs 2001 and 2002 which were in respect of the gain and the loss upon disposal of freehold & leasehold land and buildings respectively, there is no other exceptional item.

The exceptional item for FYE 2002 also includes a restatement to include overprovision in RPG tax of RM2,826 on the disposal of leasehold land in HTP.

- iv. There were no extraordinary items in all the financial years/period under review.
- v. The taxation charge of the subsidiaries have been adjusted to reallocate the under/overprovision to their various respective years and is as follows:-

	Financial year ended 31 July					6 months
	1998	1999	2000	2001	2002	ended
	RM'000	RM'000	RM'000	RM'000	RM'000	31.01.03
As per audited Income Statement	3,919	(1,720)	3,514	4,814	6,493	4,970
Adjustment to reallocate taxation under/(over) provided to respective years	18	(203)	536	(1,826)	(119)	232
Adjustment for overprovision for deferred taxation	(2,043)	2,043	-	-	-	-
Adjusted taxation	1,894	120	4,050	2,988	6,374	5,202

7. FINANCIAL INFORMATION..... cont'd

- vi. The effective tax rates for FYE 1998 to FYE 2001 (excluding FYE 1999) are lower than the statutory rate due to APM, HMSB and HTSM's entitlement to claim reinvestment allowances. The effective tax rates for FYE 2002 and the 6 month period to 31 January 2003 were much higher than the statutory rate due to certain expenses being disallowed for tax purpose. For FYE 1999, there was no provision for Malaysian income tax as any tax payable would have been waived in accordance with the provisions of the Income Tax (Amendment) Act, 1999 except for the deferred tax provided for in subsidiary companies.
- vii. The gross earnings per share is calculated based on the profit before taxation but after exceptional item over the number of ordinary shares assumed in issue during the year/period. The net earnings per share is calculated based on the net profit after exceptional item and taxation over the number of ordinary shares assumed in issue during the year/period.
- viii. No adjustment has been made to the above proforma consolidated income statements for rental savings resulting from the acquisition of Lots 6085, 6088 and 6089 pursuant to the listing of HTVB. The rental paid for the lease of these lots from United Coconut Fibre Products Sdn. Bhd. and KHL Sdn. Bhd. for the years/period under review is set out as follows:-

	Financial year ended 31 July					6 months
	1998	1999	2000	2001	2002	ended
	RM'000	RM'000	RM'000	RM'000	RM'000	31.01.03
						RM'000
Lot 6085	2,160	2,160	2,160	2,160	1,610	780
Lot 6088	2,160	2,220	2,190	2,190	1,610	825
Lot 6089	1,260	2,160	2,160	2,160	1,610	780
	5,580	6,540	6,510	6,510	4,830	2,385

- ix. The entire number of shares assumed to be issued is based on that as disclosed in Note 7.1 (a).4 (Proforma Group Balance Sheet) of the Accountants' Report for the sole purpose of co-relating past earnings with future earnings by using the same denominator.
- x. The summarised proforma consolidated income statements have been prepared for illustrative purpose only and are based on the audited financial statements of the subsidiary companies of the Proforma Group.
- xi. All significant inter-company transactions have been eliminated upon consolidation.

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7. FINANCIAL INFORMATION..... cont'd**7.3 Segmental Analysis of Revenue and Profits****Analysis of turnover by products/services**

	Financial year ended 31 July					6 months ended 31.01.03 RM'000
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	
Sales						
- Steel pipes, plates and lipped channel	174,919	172,074	254,069	246,126	301,923	149,283
- Hardware	215,590	136,416	171,555	194,186	240,208	121,546
- Scaffolding components	62,958	39,495	40,362	24,926	24,492	8,893
- Rental of scaffolding	2,304	4,373	3,730	2,909	2,179	1,092
- Trading goods	1,005	627	2,087	990	909	1,700
Coil slitting, forming and pull through charges	-	3,708	7,049	5,828	5,688	2,214
Export rebate	-	-	-	17,791	20,343	4,381
Contract income	1,071	254	-	588	6	-
Transport hire	1,611	1,767	2,033	2,151	2,376	1,271
	459,458	358,714	480,885	495,495	598,124	290,380
Less: Intercompany sales	(96,673)	(62,941)	(52,066)	(70,734)	(63,432)	(47,054)
Total	362,785	295,773	428,819	424,761	534,692	243,326

Analysis of turnover by local or export

	Financial year ended 31 July					6 months ended 31.01.03 RM'000
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	
Within Malaysia	302,388	233,005	326,506	346,282	471,036	207,531
Contract income	1,071	254	-	588	6	-
Power Concord Sdn Bhd *	2,490	1,443	856	724	-	-
Export	56,836	61,071	101,457	77,167	63,650	35,795
Total	362,785	295,773	428,819	424,761	534,692	243,326

Note:-

* A company in which a Director and/or major shareholder of HTVB also has common directorship and/or major shareholdings up to financial year ended 31 July 2001.

Analysis of PBT after EI by Manufacturing Division / Trading Division

	Financial year ended 31 July					6 months ended 31.01.03 RM'000
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	
Manufacturing Division	9,039	9,877	13,534	11,808	15,772	12,634
Trading Division	1,306	2,524	4,745	4,473	5,347	2,702
Others	(857)	(1,439)	(1,217)	346	(486)	109
Total	9,488	10,962	17,062	16,627	20,633	15,445

7. FINANCIAL INFORMATION..... cont'd

7.4 Directors' Declaration on Financial Performance

As at 17 July 2003, being the latest practicable date prior to the printing of this Prospectus, the financial conditions and operations of the Company and its subsidiaries are not affected by any of the following:-

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

7.5 Working Capital, Borrowings and Contingent Liabilities

(i) Working Capital

The Directors of the Company are of the opinion that after taking into consideration the cashflow estimate and forecast including the proceeds from the IPO and banking facilities available, the HTVB Group will have adequate working capital for its present and foreseeable future requirements.

(ii) Borrowings

As at 17 July 2003, (being the last practical date prior to the printing of this Prospectus) the Group's total outstanding loans (which are all interest-bearing) amounted to approximately RM193.716 million comprising the following:-

Type of loan	RM '000	RM '000
<u>Term loan</u>		
- Long-term	14,000	
- Short-term	6,121	20,121
<u>Hire purchase</u>		
- Long-term	134	
- Short-term	530	664
<u>Other short-term loans</u>		
- Bankers' acceptances	130,946	
- Trust receipts	21,824	
- Revolving credit	3,000	
- Overdraft	17,161	172,931
		193,716

Save as disclosed above, the Group does not have any other outstanding loans.

7. FINANCIAL INFORMATION..... cont'd**(iii) Material Litigation, Commitments and Contingent Liabilities**

As at 17 July 2003 (*being the last practicable date prior to the printing of the Prospectus*), the HTVB Group does not have any material capital commitments and/or contingent liabilities.

The material litigation of the Group is set out in Sections 1.8 and 11.8 of this Prospectus.

7.6 Trade Debts

An ageing analysis of the trade debtors of the HTVB Group (*excluding inter-company trade debts*) as at 31 May 2003 is set out below:-

* As at 31 May 2003	Ageing analysis							Total (RM'000)
	0 - 30 days (RM'000)	31-60 days (RM'000)	61 - 90 days (RM'000)	91-120 days (RM'000)	121 - 150 days (RM'000)	151 - 180 days (RM'000)	> 180 days (RM'000)	
Group trade receivables	31,234	22,597	22,934	13,074	7,257	1,537	14,435	113,068
Bad & doubtful debts already provided for:-								
Debtors < 180 days								43
Debtors > 180 days								10,323
Trade debts exceeding 180 days not provided for as doubtful debts								^ 4,112

Note:-

* *Excluding inter-company trade debts within the Group.*

^ *The SC had granted a waiver on the appeal to HTVB from making full provision for these trade debts. The waiver from the SC is subject to certain conditions which are highlighted in Section 2.10 of this Prospectus.*

The Directors of HTVB are of the opinion that the trade debts exceeding 180 days amounting to RM4.112 million are collectible in view of the following:-

- (i) *RM3.637 million of trade debts for two(2) customers relate to sales which are payable on instalment basis. RM1.188 million and RM2.449 million are expected to be fully settled on 31 December 2004 and 30 October 2006 respectively. As at 17 July 2003, there were no instalments exceeding six(6) months in arrears from these trade debtors;*
- (ii) *a customer with trade debts amounting to RM0.226 million has fully settled this outstanding trade debt on 3 July 2003; and*
- (iii) *a customer with trade debts amounting to RM0.249 million has subsequently paid RM0.110 million on 15 June 2003 and is expected to settle the outstanding balance by January 2004.*

As at 31 May 2003, there were RM63.283 million trade debts (*excluding inter-company trade debts within the Group*) exceeding the various credit periods granted by the Group. After excluding provisions for doubtful debts of RM10.366 million and the non-provision of RM4.112 million (*as set out in the table above*), there were RM48.805 million trade debts exceeding Group's credit period. The Directors of HTVB are of the opinion that these trade debts are recoverable taking into consideration the long-term relationship between the Group and these customers and various credit control measures being implemented by the Group to minimise customer default.

7. FINANCIAL INFORMATION.... cont'd**7.7 Consolidated Profit Estimate and Forecast and Assumptions together with the Reporting Accountants' Letter thereon**
(Prepared for inclusion in this Prospectus)**CONSOLIDATED PROFIT ESTIMATE AND FORECAST AND ASSUMPTIONS THEREON**

The Directors of Hiap Teck Venture Berhad estimate and forecast that, in the absence of any unforeseen circumstances, the consolidated profit after exceptional item and taxation for the years ending 31 July 2003 and 31 July 2004 will be as follows:-

	Estimate 2003 RM'000	Forecast 2004 RM'000
Financial year ending 31 July		
Revenue	528,221	562,733
Consolidated profit for the year before exceptional item	31,837	38,803
Less: Exceptional item	(3) #	136 +
Consolidated profit after exceptional item but before taxation	31,840	38,667
Less: Taxation	9,238	11,301
Consolidated profit after exceptional item and taxation	22,602	27,366

Net PE Multiple Based on Weighted Average Share Capital

Weighted average number of ordinary shares ('000)	65,025 ^	319,800 *
Net earnings per share based on weighted average number of shares (sen)	34.76	8.56
PE Multiple based on the issue price of RM0.55 per share (times)	1.58	6.43

Net PE Multiple Based on Enlarged Share Capital

Enlarged number of ordinary shares ('000)	327,400	327,400
Net earnings per share (sen) **	6.90	8.36
PE Multiple based on the issue price of RM0.55 per share (times)	7.97	6.58

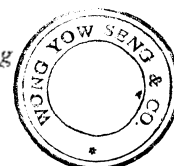
Overprovision of RPG tax on disposal of leasehold land by HTP (a subsidiary of HTH) in the previous financial year ended 31 July 2002.

+ Anticipated loss on disposal of a piece of freehold land & 2 pieces of leasehold land by HTP (a subsidiary of HTH) assuming disposals to be completed by December 2003.

^ Weighted average of the number of ordinary shares of RM0.50 each in issue with the completion of acquisition of subsidiaries and properties in March 2003 and May 2003 respectively.

* Weighted average of the number of ordinary shares of RM0.50 each in issue assuming completion of the listing exercise by September 2003.

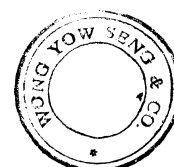
** Based on the enlarged number of ordinary shares of RM0.50 each in issue assuming completion of the listing exercise.



7. FINANCIAL INFORMATION..... cont'd

The principal assumptions upon which the above consolidated profit estimate and forecast have been made are as follows :-

1. There will be no significant changes in the present activities and structure of the Group.
2. There will be no significant changes to the prevailing Malaysian and world economic and political conditions that will adversely affect the activities or performance of the Group.
3. There will be no significant changes in the present legislation or regulations adversely affecting the Group's activities or the market in which it operates.
4. There will be no significant fluctuations in inflation rates and foreign currency exchange rates from the estimate and forecast level respectively.
5. There will be no material increase in wages, cost of productions and other costs.
6. There will be no major breakdown or disruptions in the production facilities, industrial disputes or other abnormal factors, both domestic and overseas, which will adversely affect the production and sales of the Group.
7. The Group will be able to maintain its current market share by retaining its existing customer base and through securing new customers. There will be minimal competition from new entrants into the market in which the Group operates. There will be no significant erosion in the selling price of the Group's products.
8. Existing financial facilities will remain available and the level of interest rates will not change materially from those prevailing. For the financial year ending 31 July 2003, the term loan of RM20 million has been secured and the drawdown of facility commenced in the month of December 2002.
9. The Company has acquired three pieces of properties in exchange for new shares issued in the Company as part of the listing scheme which was completed in May, 2003. There will be no other material acquisition or disposal of property, plant & equipment save for the disposals of a freehold land and several leasehold land by HTP in the financial year ending 31 July 2004 as budgetted by the Board.
10. There will be no significant changes in the present structure of direct and indirect taxation affecting the Group's activities or the market in which it operates.
11. There will be no significant changes in management structure and accounting policies normally adopted by the companies within the Group.

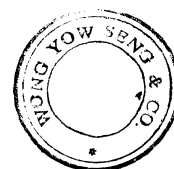


7. FINANCIAL INFORMATION..... cont'd

12. The Company has acquired equity interest in the following subsidiaries with effect from March 2003 and the results of these subsidiaries have been consolidated by the merger method:-

Subsidiary company	Interest acquired (%)	Place of incorporation
HTH	100	Malaysia
THH	100	Malaysia
APM	100	Malaysia
HMSB	100	Malaysia
BDSB	100	Malaysia

13. Proceeds from the public issue, private placement and restricted issue amounting to RM50,160,000 will be received by September 2003 and they will be utilised for the repayment of bank borrowings, working capital and the payment of the estimated listing expenses.



7. FINANCIAL INFORMATION..... cont'd

Wong Yow Seng & Co (CHARTERED ACCOUNTANTS)

王耀生會計公司 (特許會計師)



52-C, Jalan Bukit Bintang, 55100 Kuala Lumpur.
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吉隆坡武吉免登路五十二號C 郵區五五一〇〇號
電話：二一四二八四二三 傳真：二一四二九八七一

Date: **25 JUL 2003**

The Board Of Directors
HIAP TECK VENTURE BERHAD
Lot 6096, Jalan Haji Abdul Manan
Batu 5 ½, Off Jalan Meru,
41050 Klang, Selangor Darul Ehsan

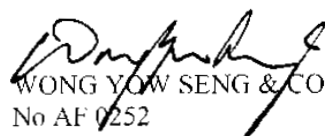
Dear Sirs,

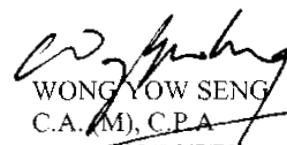
**HIAP TECK VENTURE BERHAD
CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE
FINANCIAL YEARS ENDING 31 JULY 2003 AND 31 JULY 2004**

We have reviewed the accounting policies and the calculations for the consolidated profit estimate and forecast of the Hiap Teck Venture Berhad and its subsidiary companies ("the Group"), for which the Directors are solely responsible, for the financial years ending 31 July 2003 and 31 July 2004, as set out in the Prospectus to be dated **29 JUL 2003** in connection with the Public Issue of 10,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.55 per share, Private Placement of 66,400,000 new ordinary shares of RM0.50 each at an issue price of RM0.55 per share and the Restricted Issue of 14,800,000 new ordinary shares of RM0.50 each at an issue price of RM0.55 per share.

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

Yours faithfully


WONG YOW SENG & CO
No AF 0252
Chartered Accountants


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

7. FINANCIAL INFORMATION..... cont'd**7.8 Directors' commentary on achievability of profit estimate and forecast**

The Board confirms that the proforma consolidated profit estimate and forecast of the HTVB Group for the financial year ending 31 July 2003 and 31 July 2004 respectively together with the underlying bases and assumptions stated therein have been reviewed by the Directors after due and careful enquiry, and that the Directors, having taken into account the future prospects of the industry, future plans of the HTVB Group and its level of gearing, liquidity and working capital requirements, are of opinion that the profit estimate and forecast of the HTVB Group is achievable and the assumptions made are reasonable.

Nevertheless, in the light of the current economic environment in Malaysia and in the Asia Pacific region and the political environment affecting the world at large, certain assumptions, including interest and exchange rates, may differ significantly from actual should the economic and political situation differ significantly from the date of this profit estimate and forecast and this may have a material impact on HTVB's profit estimate and forecast.

7.9 Dividend Estimate and Forecast Policy

HTVB intends to pursue a dividend policy in line with its profitability which would allow its shareholders to participate in the profits of the Group as well as leaving adequate reserves for its future growth and expansion.

Based on the Group's consolidated profit estimate and forecast for the financial years ending 31 July 2003 and 31 July 2004, on the assumption that the current basis for calculating taxation and the rates of taxation will remain unchanged, the Directors of HTVB anticipate that the Company would be in a position to propose a gross dividend of 3.0% for the financial years ending 31 July 2003 and 2004 based on the issued and paid-up share capital of 327,400,000 Shares.

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

The intended appropriation of the consolidated profit estimate and forecast is as follows:-

Financial year ending 31 July	Estimate 2003 RM'000	Forecast 2004 RM'000
Consolidated PBT after EI	31,840	38,667
Less: Taxation	(9,238)	(11,301)
Consolidated PAT	22,602	27,366
Less: Proposed dividend (less 28% tax)	(3,536)	(3,536)
Consolidated retained profit for the year	19,066	23,830
Gross dividend based on the enlarged share capital of 327,400,000 Shares (RM'000)	4,911	4,911
Net dividend based on the enlarged share capital of 327,400,000 Shares (RM'000)	3,536	3,536
Gross dividend per Share (sen)	1.50	1.50
Net dividend per Share (sen)	1.08	1.08
Gross dividend rate (%)	3.00	3.00
Net dividend rate (%)	2.16	2.16
Gross dividend yield (based on the IPO price of RM0.55 per Share) (%)	2.73	2.73
Net dividend yield (based on the IPO price of RM0.55 per Share) (%)	1.96	1.96
Net dividend cover (times)	6.39	7.74

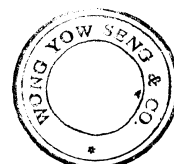
Investors should note that future dividends may be varied, *inter-alia*, if:-

- (i) the results of the Group differ from that estimated or forecast; or
- (ii) the payment of the dividends would adversely affect the Group's cashflows and operations.

7. FINANCIAL INFORMATION..... cont'd**7.10 Proforma Consolidated Balance Sheets together with the Reporting Accountants' Letter thereon**
(Prepared for inclusion in this Prospectus)**PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 JANUARY 2003**

The Proforma Consolidated Balance Sheets as set out below are provided for illustrative purposes only to show the effects on the Consolidated Balance Sheets of Hiap Teck Venture Berhad and its subsidiary companies as at 31 January 2003 had the Acquisitions, Acquisition of Properties, Public Issue, Private Placement and Restricted Issue have been effected on that date.

	Proforma A	Proforma B	Proforma C
	Audited as at 31.1.2003	After Proforma A, Incorporation of Revaluation Surplus, Acquisitions and Acquisition of Properties	After Proforma B, Public Issue, Private Placement & Restricted Issue
	<i>RM</i>	<i>RM'000</i>	<i>RM'000</i>
Shareholders' funds			
Share capital	300,002	118,100	163,700
Share premium	-	20,574	22,134
Reserves	(440,706)	56,580	56,580
	(140,704)	195,254	242,414
Long term liabilities			
Loans payable	-	259	259
Bank borrowings	-	18,054	18,054
Deferred taxation liability	-	6,704	6,704
	(140,704)	220,271	267,431
<i>Represented by :-</i>			
Goodwill on consolidation	-	917	917
Expenditure carried forward	644,963	645	-
Property, plant & equipment	-	163,103	163,103
Deferred taxation benefit	-	112	112
Current assets			
Inventories	-	128,651	128,651
Trade receivables	-	102,082	102,082
Other receivables, deposits & prepayments	-	11,857	11,857
Deposit with licensed bank	-	17,271	17,271
Taxation recoverable	-	1,900	1,900
Cash in hand & at banks	536	999	32,204
	536	262,760	293,965
Less: Current liabilities			
Trade payables	-	6,057	6,057
Bank borrowings	-	187,535	170,935
Loans payable	-	1,131	1,131
Other payables & accruals	786,203	9,207	9,207
Taxation	-	3,336	3,336
	786,203	207,266	190,666
Net current (liabilities)/assets	(785,667)	55,494	103,299
	(140,704)	220,271	267,431
Proforma NTA per share (RM)	(1.31)	0.82	0.74

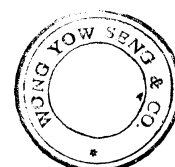


7. FINANCIAL INFORMATION..... cont'd

Notes to the Proforma Consolidated Balance Sheets of Hiap Teck Venture Berhad as at 31 January 2003.

Basis of Preparation

1. The Consolidated Balance Sheets of Hiap Teck Venture Berhad ("Proforma Group") have been prepared for illustration purposes only and are based on accounting bases consistent with those previously adopted in the preparation of the audited financial statements of Hiap Teck Venture Berhad and the following subsidiaries:-
 - (i) HTH
 - (ii) THH
 - (iii) APM
 - (iv) HMSB
 - (v) BDSB
2. The Acquisitions, Acquisition of Properties, Public Issue, Private Placement and Restricted Issue are assumed to have been effected on 31 January, 2003 in the following manner:-
 - i. The acquisition by Hiap Teck Venture of the entire issued and paid-up share capital of HTH comprising 12,000,000 ordinary shares of RM1.00 each for a total consideration of RM43,211,494 satisfied by the issuance of 65,490,890 new ordinary shares of RM0.50 each in the Hiap Teck Venture at an issue price of RM0.6598092 per ordinary share. The purchase consideration is based on the audited net tangible assets of HTH Group as at 31 July 2000 after adjusting for revaluation surplus of landed properties of its subsidiary, HTP;
 - ii. The acquisition by Hiap Teck Venture of the entire issued and paid-up share capital of THH comprising 2,400,002 ordinary shares of RM1.00 each for a total consideration of RM4,784,514 satisfied by the issuance of 7,251,359 new ordinary shares of RM0.50 each in the Hiap Teck Venture at an issue price of RM0.6598092 per ordinary share. The purchase consideration is based on the audited net tangible assets of THH as at 31 July 2000 after adjusting for revaluation surplus of its landed properties;
 - iii. The acquisition by Hiap Teck Venture of the entire issued and paid-up share capital of APM comprising 3,904,002 ordinary shares of RM1.00 each for a total consideration of RM29,509,489 satisfied by the issuance of 44,724,273 new ordinary shares of RM0.50 each in the Hiap Teck Venture at an issue price of RM0.6598092 per ordinary share. The purchase consideration is based on the audited net tangible assets of APM as at 31 July 2000;
 - iv. The acquisition by Hiap Teck Venture of the entire issued and paid-up share capital of HMSB comprising 6,000,012 ordinary shares of RM1.00 each for a total consideration of RM20,537,252 satisfied by the issuance of 31,126,045

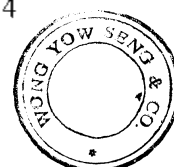


7. FINANCIAL INFORMATION..... cont'd

- new ordinary shares of RM0.50 each in the Hiap Teck Venture at an issue price of RM0.6598092 per ordinary share. The purchase consideration is based on the audited net tangible assets of HMSB Group as at 31 July 2000;
- v. The acquisition by Hiap Teck Venture of the entire issued and paid-up share capital of BDSB comprising 1,200,000 ordinary shares of RM1.00 each for a total consideration of RM1,554,010 satisfied by the issuance of 2,355,241 new ordinary shares of RM0.50 each in the Hiap Teck Venture at an issue price of RM0.6598092 per ordinary share. The purchase consideration is based on the audited net tangible assets of BDSB as at 31 July 2000;
- vi. The acquisitions of three pieces of freehold land and buildings by Hiap Teck Venture from United Coconut Fibre Products Sdn Bhd and K.I.L.L. Sdn. Bhd. for a consideration of RM62.9 million satisfied by an issue of 84,652,188 new ordinary shares of RM0.50 each in the Hiap Teck Venture at an issue price of RM0.7430405 per ordinary share;
- vii. The Company will also carry out a Public Issue, Private Placement and Restricted Issue of 10,000,000, 66,400,000 and 14,800,000 new ordinary shares of RM0.50 each respectively at the value of RM0.55 a share upon the completion of the Acquisition of Subsidiary Companies and Acquisition of Properties. Upon the completion of the Acquisition of Subsidiary Companies and Acquisition of Properties, Public Issue, Private Placement and Restricted Issue, the issued and paid-up share capital of the Company will be increased to RM163,700,000;
- viii. Inter-company balances have been eliminated in arriving at the consolidated balance sheets;
- ix. The taxation charge of each subsidiary has been adjusted to reallocate the under and over provisions to their various respective years;
- x. The Proforma Group figures of the Company are arrived at using the merger method of consolidation whilst the group accounts of HTH and HMSB are consolidated using the acquisition method of accounting;
- xi. Listing expenses estimated to be RM3,000,000 is written off against the Share Premium Account.
- xii. The movements in the share premium account of the Company are as follows:-

	RM'000
Existing share premium	-
Arising from Acquisition of Properties	20,574
Arising from Public Issue	500
Arising from Private Placement	3,320
Arising from Restricted Issue	740

	25,134



7. FINANCIAL INFORMATION..... cont'd

Less: Estimated listing expenses	(3,000)

	22,134
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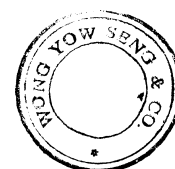
xiii. The movements in the reserves of the Group are as follows:-

	Revaluation reserve RM'000	Merger deficit RM'000	(Accumulated loss)/Retained Profits RM'000	Total RM'000
Company's existing reserves	-	-	(441)	(441)
Revaluation reserves of Subsidiary companies	17,491	-	-	17,491
Retained profits of Subsidiary companies combined under merger accounting	-	-	89,500	89,500
Deficit reserve arising from acquisitions of HTII, APM, HMSB, BDSB and THH under merger accounting	-	(49,970)	-	(49,970)
	17,491	(49,970)	89,059	56,580
Merger deficit set-off against retained profits		49,970	(49,970)	-
	17,491	-	39,089	56,580

xiv. The gross proceeds of RM 50.16 million accruing to the Company from the public issue, private placement and restricted issue will be utilised as follows:

	RM'000
Proceeds raised from Public Issue	5,500
Proceeds raised from Private Placement	36,520
Proceeds raised from Restricted Issue	8,140

	50,160
	=====



7. FINANCIAL INFORMATION..... cont'd

Utilisation:-

	RM'000
Repayment of bank borrowings	16,600
Estimated listing expenses *	3,000
Working capital	30,560

	50,160
	=====

* includes expenditure carried forward of RM644,963 relating to listing expenses



7. FINANCIAL INFORMATION..... cont'd

Wong Yow Seng & Co (CHARTERED ACCOUNTANTS)

王耀生會計公司 (特許會計師)



52-C, Jalan Bukit Bintang, 55100 Kuala Lumpur.
Tel: 21428423 Fax: 21429871

吉隆坡武吉免登路五十二號C 郵區五五一〇〇號
電話：二一四二八四二三 傳真：二一四二九八七一

Date: **25 JUL 2003**

The Board of Directors
Hiap Teck Venture Berhad
Lot 6096, Jalan Haji Abdul Manan
Batu 5 ½, Off Jalan Meru,
41050 Klang, Selangor Darul Ehsan

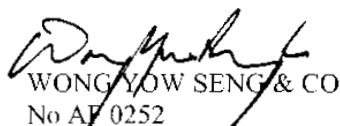
Dear Sirs,

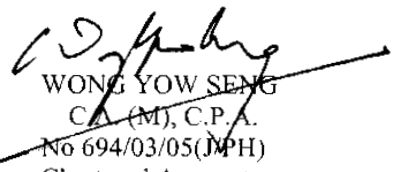
**HIAP TECK VENTURE BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 JANUARY 2003**

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Hiap Teck Venture Berhad and its subsidiary companies ("the Group") as at 31 January 2003 together with the notes hereto, for which the Directors are solely responsible as set out in the Prospectus to be dated **29 JUL 2003** in the connection with the Public Issue of 10,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.55 per share, Private Placement of 66,400,000 new ordinary shares of RM0.50 each at an issue price of RM0.55 per share and the Restricted Issue of 14,800,000 new ordinary shares of RM0.50 each at an issue price of RM0.55 per share.

In our opinion, the Proforma Consolidated Balance Sheets of Hiap Teck Venture Berhad Group as at 31 January 2003, which have been prepared for illustrative purposes only, have been properly compiled on the basis set out in the notes to the Proforma Consolidated Balance Sheets.

Yours faithfully


WONG YOW SENG & CO
No A7 0252
Chartered Accountants


WONG YOW SENG
C.A. (M), C.P.A.
No 694/03/05(JPH)
Chartered Accountant

8. DIRECTORS' REPORT



HIAP TECK GROUP

HIAP TECK VENTURE BERHAD

(421340-U)

Registered Office

Hiap Teck Venture Berhad
Lot 6096, Jalan Haji Abdul Manan
Batu 5½, Off Jalan Meru
41050 Klang
Selangor Darul Ehsan

17 JUL 2003

The Shareholders

HIAP TECK VENTURE BERHAD ("HTVB" or "THE COMPANY")

Dear Sir / Madam,

On behalf of the Board of HTVB, I wish to report that after making due inquiry that during the period from 31st January 2003 (*being the date to which the last audited accounts of the Company and its subsidiary companies have been made*) up to **17 JUL 2003** (*being the date not earlier than fourteen (14) days before the issue of this Prospectus*) that:

- (a) the business of the Company and its subsidiary companies have, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited accounts of the Company and its subsidiary companies which have adversely affected the trading or the value of the assets of the Company or its subsidiary companies;
- (c) the current assets of the Company and its subsidiary companies appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have arisen by reason of any guarantees given by the Company or its subsidiary companies; and
- (e) since the last audited accounts of the Company and its subsidiary companies, save as disclosed in the Accountants' Report as set out in section 9 of this Prospectus, there has been no changes in published reserve nor any unusual factors affecting the profits of the Company and its subsidiary companies.

Yours faithfully

On behalf of the Board of Directors of
HIAP TECK VENTURE BERHAD


KUA HOCK LAI
Managing Director

Lot 6096, Jalan Haji Abdul Manan, Batu 5½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan.
Peti Surat No. 239, Pejabat Pos Pekan Kapar, 42200 Klang, Selangor.
Tel: (603) 3928888 (Hunting Line) Fax: (603) 3929131/3929133/3929135/3929136