

15. ACCOUNTANTS' REPORT (CONT'D)

(iii) Amount due from holding companies:

	← As of →				
	30.6.1999	30.6.2000	30.6.2001	30.6.2002	30.6.2003
	RM'000	RM'000	RM'000	RM'000	RM'000
Amount due from holding companies:					
CSB	7	9	17	21	-
Ikatanbina	-	-	-	10	-
Plenitude	-	-	-	-	932
	<u>7</u>	<u>9</u>	<u>17</u>	<u>31</u>	<u>932</u>

(iv) Bank balances consists of:

	← As of →				
	30.6.1999	30.6.2000	30.6.2001	30.6.2002	30.6.2003
	RM'000	RM'000	RM'000	RM'000	RM'000
Short-term deposits with licensed bank	143	15,145	36,015	32,335	-
Cash at bank	9,201	2,864	5,012	12,548	21,113
	<u>9,344</u>	<u>18,009</u>	<u>41,027</u>	<u>44,883</u>	<u>21,113</u>

(3) Included in current liabilities are the following:

- (i) Trade payables and retention monies, which mainly represent outstanding claims from contractors for contract works performed on Desa Tebrau, are as follows:

	← As of →				
	30.6.1999	30.6.2000	30.6.2001	30.6.2002	30.6.2003
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables	-	-	20,774	3,830	1,576
Retention monies	3,600	4,023	3,068	3,987	3,526
	<u>3,600</u>	<u>4,023</u>	<u>23,842</u>	<u>7,817</u>	<u>5,102</u>

15. ACCOUNTANTS' REPORT (CONT'D)

(ii) Bank borrowings consists of:

	← As of →				
	30.6.1999 RM'000	30.6.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Bank overdraft	3,311	3,349	139	19,806	1,466
Bridging loan - current portion	-	2,138	5,244	-	-

(iii) Amount due to holding company:

	← As of →				
	30.6.1999 RM'000	30.6.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Amount due to holding company: Ikatanbina	6,800	-	-	-	-

(4) Long term liabilities comprise hire-purchase obligations for 1999 to 2001 and deferred tax liabilities for 2003.

15. ACCOUNTANTS' REPORT (CONT'D)

G.4 PNTMT

	← As of →				
	31.1.1999	31.1.2000	30.6.2001	30.6.2002	30.6.2003
	RM'000	RM'000	RM'000	RM'000	RM'000
Expenditure carried forward	5	-	-	-	-
Current assets	-	-	1,000	1,060	1,055
Current liabilities	(5)	(7)	(7)	(33)	(8)
Net current assets/(liabilities)	(5)	(7)	993	1,027	1,047
Net assets/(liabilities)	-	(7)	993	1,027	1,047
Issued capital	- ¹	- ¹	1,000	1,000	1,000
Retained profits/(Accumulated losses)	-	(7)	(7)	27	47
Shareholders' fund/(Capital deficiency)	-	(7)	993	1,027	1,047
Net tangible assets/(liabilities) (RM'000)	-	(7)	993	1,027	1,047
Net tangible assets/(liabilities) per share (RM)	-	(3.50)	0.99	1.03	1.05

Notes:

- (1) The issued capital in 1998, 1999 and 2000 is RM2.00.
- (2) Included in current assets is the following:

	← As of →				
	31.1.1999	31.1.2000	30.6.2001	30.6.2002	30.6.2003
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash at Bank	-	-	1,000	1,042	223

15. ACCOUNTANTS' REPORT (CONT'D)

G.5 PNTG

	As of 30.6.2003 RM'000
Current assets	-
Current liabilities	(6)
Net current liabilities	<u>(6)</u>
Net liabilities	<u>(6)</u>
Issued capital	<u>2</u>
Accumulated losses	<u>(6)</u>
Capital deficiency	<u>(6)</u>
Net tangible liabilities (RM'000)	<u>(6)</u>
Net tangible liabilities per share (RM)	<u>(3,000)</u>

Notes:

- (1) The Company was incorporated on 3 July 2002 and its first set of financial statements was drawn up for the period ended 30 June 2003.
- (2) The issued capital of the Company is RM2.00, consisting of 2 ordinary shares of RM1.00 each.

15. ACCOUNTANTS' REPORT (CONT'D)

G.6 PNTPM

	As of 30.6.2003 RM'000
Current assets	4
Current liabilities	(5)
Net current liabilities	<u>(1)</u>
Net liabilities	<u>(1)</u>
Issued capital	2
Accumulated losses	<u>(1)</u>
Capital deficiency	<u>(1)</u>
Net tangible liabilities (RM'000)	<u>(1)</u>
Net tangible liabilities per share (RM)	<u>(500)</u>

Notes:

- (1) The Company was incorporated on 23 October 2002 and its first set of financial statements was drawn up for the period ended 30 June 2003.
- (2) The issued capital of the Company is RM2.00, consisting of 2 ordinary shares of RM1.00 each.

15. ACCOUNTANTS' REPORT (CONT'D)

G.7 SPSB

	← As of →				
	30.4.1999 RM'000	30.4.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Expenditure carried forward	6	-	-	-	-
Property, plant and equipment	94	236	412	297	238
Property development project - non-current portion	54,717	58,986	66,948	88,951	87,098
Current assets	5,255	6,116	16,078	22,917	27,374
Current liabilities	(3,315)	(5,047)	(14,942)	(34,403)	(27,007)
Net current assets/(liabilities)	1,940	1,069	1,136	(11,486)	367
Long-term liabilities	-	-	(30)	(30)	(121)
Net assets	56,757	60,291	68,466	77,732	87,582
Issued capital	57,083	60,000	60,000	60,000	60,000
Retained profits/ (Accumulated losses)	(326)	291	8,466	17,732	27,582
Shareholders' fund	56,757	60,291	68,466	77,732	87,582
Net tangible assets (RM'000)	56,751	60,291	68,466	77,732	87,582
Net tangible assets per share (RM)	0.99	1.00	1.14	1.30	1.46

Notes:

(1) Property development project for the periods under review is as follows:

	← As of →				
	30.4.1999 RM'000	30.4.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Freehold land – at cost	56,287	56,287	56,287	56,287	56,287
Development expenditure	450	9,859	68,798	130,605	164,455
	56,737	66,146	125,085	186,892	220,742
Less: Non-current portion	(54,717)	(58,986)	(66,948)	(88,951)	(87,098)
	2,020	7,160	58,137	97,941	133,644

(forward)

15. ACCOUNTANTS' REPORT (CONT'D)

	← As of →				
	30.4.1999 RM'000	30.4.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Add: Portion of profit attributable to development work performed todate	-	1,460	13,762	27,953	48,793
	2,020	8,620	71,899	125,894	182,437
Less: Progress billings	-	(8,620)	(63,942)	(113,245)	(179,144)
Current portion (included in current assets)	2,020	-	7,957	12,649	3,293

(2) Included in current assets are the following:

(i) Trade receivables, which consist of purchasers of properties in Taman Putra Prima, are as follows:

	← As of →				
	30.4.1999 RM'000	30.4.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Trade receivables	-	1,233	3,659	3,969	15,413
Less: Allowance for doubtful receivables	-	-	-	-	-
Net	-	1,233	3,659	3,969	15,413

(ii) Amounts due from companies which are involved in the restructuring exercise mentioned in section B.2:

	← As of →				
	30.4.1999 RM'000	30.4.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Amount due from: Plenitude	-	-	-	50	15

The amount owing arose mainly from advances and payments made on behalf.

15. ACCOUNTANTS' REPORT (CONT'D)

(iii) Bank balances consist of:

	← As of →				
	30.4.1999 RM'000	30.4.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Short-term deposits with licensed bank	3,000	2,364	3,293	2,580	2,683
Cash at bank	202	2,481	1,110	3,367	5,780
	3,202	4,845	4,403	5,947	8,463

(3) Included in current liabilities are the following:

(i) Trade payables and retention monies, which mainly represent amounts owing to contractors for construction works carried out on Taman Putra Prima, are as follows:

	← As of →				
	30.4.1999 RM'000	30.4.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Trade payables	-	1,926	5,723	8,105	5,015
Retention monies	-	575	4,982	4,109	4,028
	-	2,501	10,705	12,214	9,043

(ii) Bank borrowings consist of:

	← As of →				
	30.4.1999 RM'000	30.4.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Bank overdraft	-	-	1,474	4,145	4,116

15. ACCOUNTANTS' REPORT (CONT'D)

(iii) Amounts due to companies which are involved in the restructuring exercise mentioned in section B.2:

	←———— As of —————→				
	30.4.1999 RM'000	30.4.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Amount due to: PHSB	-	-	-	25	-
Amount due to a share- holder	-	1,480	-	-	-

(4) Long term liabilities comprise provision for deferred taxation.

15. ACCOUNTANTS' REPORT (CONT'D)

G.8 SYD

	←	←	As of	→	→
	31.1.1999	31.1.2000	30.6.2001	30.6.2002	30.6.2003
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	265	284	269	814	1,622
Investment properties	-	-	19,667	19,721	19,154
Land held for future development	45,922	55,843	53,560	52,186	54,267
Property development project - non-current portion	18,996	10,197	16,411	17,607	19,144
Investment in subsidiary company	5	-	-	-	1,000
Current assets	12,785	21,830	22,003	22,728	29,515
Current liabilities	(14,309)	(23,092)	(45,320)	(45,214)	(55,913)
Net current liabilities	(1,524)	(1,262)	(23,317)	(22,486)	(26,398)
Long-term liabilities	(58)	(272)	(19)	(53)	(33)
Net assets	63,606	64,790	66,571	67,789	68,756
Issued capital	18,930	18,930	18,930	18,930	18,930
Capital reserve	35,295	34,412	32,913	31,856	31,018
Retained profits	9,381	11,448	14,728	17,003	18,808
Shareholders' fund	63,606	64,790	66,571	67,789	68,756
Net tangible assets (RM'000)	63,606	64,790	66,571	67,789	68,756
Net tangible assets per share (RM)	3.36	3.42	3.52	3.58	3.63

15. ACCOUNTANTS' REPORT (CONT'D)

Notes:

(1) Property development project for the periods under review is as follows:

	← As of →				
	31.1.1999 RM'000	31.1.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Freehold land - at cost	5,110	5,110	6,831	8,206	8,206
Development expenditure	25,551	30,642	60,645	85,732	106,170
	30,661	35,752	67,476	93,938	114,376
Less: Non- current portion	(18,996)	(10,197)	(16,411)	(17,607)	(19,144)
	11,665	25,555	51,065	76,331	95,232
Add: Portion of profit attributable to development work performed todate	1,792	4,657	10,941	16,432	21,246
	13,457	30,212	62,006	92,763	116,478
Less: Progress billings	(13,457)	(17,337)	(62,407)	(86,965)	(117,691)
Current portion/ (Advance billings) [included in current assets/ (liabilities)]	-	12,875	(401)	5,798	(1,213)

(2) Investment in subsidiary companies is as follows:

	← As of →				
	31.1.1999 RM'000	31.1.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Unquoted shares - at cost	*	*	-	#	1,000
Amount due from subsidiary companies	5	-	-	^3,079	-
Amount due to subsidiary company	-	-	-	@ (4)	-
	5	-	-	3,075	1,000

15. ACCOUNTANTS' REPORT (CONT'D)

- * Cost of investment is RM2
 # Cost of investment is RM4
 ^ Included in current assets
 @ Included in current liabilities

(3) Included in current assets are the following:

(i) Inventories are as follows:

	← As of →				
	31.1.1999 RM'000	31.1.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Completed houses and shop lots	1,350	1,643	1,444	1,444	1,444
Food and beverages	-	-	-	31	55
	1,350	1,643	1,444	1,475	1,499

(ii) Trade receivables, which consist of purchasers of properties in Bandar Perdana, are as follows:

	← As of →				
	31.1.1999 RM'000	31.1.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Trade receivables	10,853	6,805	18,819	11,102	9,506
Less: Allowance for doubtful receivables	(6)	(23)	(23)	-	-
Net	10,847	6,782	18,796	11,102	9,506

(iii) Amount due from companies which are involved in the restructuring exercise mentioned in section B.2:

	← As of →				
	31.1.1999 RM'000	31.1.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Amount due from: Plenitude	-	-	293	290	246
	-	-	293	290	246

15. ACCOUNTANTS' REPORT (CONT'D)

(iv) Bank balances consist of:

	← As of →				
	31.1.1999 RM'000	31.1.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Cash at bank	439	172	1,268	654	3,576

(4) Included in current liabilities are the following:

(i) Trade payables and retention monies, which mainly represent amounts owing to contractors for construction works carried out on Bandar Perdana, are as follows:

	← As of →				
	31.1.1999 RM'000	31.1.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Trade payables	378	3,725	5,105	5,038	7,598
Retention monies	78	1,216	2,595	2,980	3,125
	456	4,941	7,700	8,018	10,723

(ii) Bank borrowings consist of:

	← As of →				
	31.1.1999 RM'000	31.1.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Bank overdraft	8,980	13,441	12,489	10,666	8,398

(iii) Amount due to companies which are involved in the restructuring exercise mentioned in section B.2:

	← As of →				
	31.1.1999 RM'000	31.1.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Amounts due to: PHSB	-	-	569	3,170	29,010
Share- holders	2,343	2,343	4,253	-	-
Directors	-	-	-	-	-

(5) Long term liabilities comprise hire-purchase obligations and provision for deferred taxation.

15. ACCOUNTANTS' REPORT (CONT'D)

G.9 CK

	← As of →	
	30.6.2002	30.6.2003
	RM'000	RM'000
Property, plant and equipment	-	80
Property development project – non current portion	-	32,940
Current assets	3,074	556
Current liabilities	(3,080)	(16,655)
Net current liabilities	(6)	(16,099)
Term loan – non current portion	-	(16,000)
	(6)	921
Issued capital	2	1,000
Accumulated losses	(6)	(79)
Capital deficiency/Shareholders' fund	(6)	921
Net tangible assets/(liabilities) (RM'000)	(6)	921
Net tangible assets/(liabilities) per share (RM)	(3,000)	0.92

Notes:

- (1) The Company was incorporated on 8 December 2001 and its first set of financial statements was drawn up for the period ended 30 June 2002.
- (2) The issued capital in 2002 is RM2.00.
- (3) Included in current assets is the following:

	← As of →	
	30.6.2002	30.6.2003
	RM'000	RM'000
Deposits	3,074	127

15. ACCOUNTANTS' REPORT (CONT'D)

(4) Included in current liabilities is the following:

	← As of →	
	30.6.2002	30.6.2003
	RM'000	RM'000
Amount due to immediate holding company	3,079	14,523
Amount due to ultimate holding company	-	15
Amount due to related company	-	115

15. ACCOUNTANTS' REPORT (CONT'D)

G.10 TBBH

	← As of →				
	30.6.1999 RM'000	30.6.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Property, plant and equipment	-	-	-	-	-
Expenditure carried forward	12	-	-	-	-
Current assets	-	-	5,000	5,004	8
Current liabilities	(12)	(14)	(5,016)	(5,019)	(18)
Net current liabilities	(12)	(14)	(16)	(15)	(10)
Net liabilities	-	(14)	(16)	(15)	(10)
Issued capital ²	-	-	-	-	-
Accumulated losses	-	(14)	(16)	(15)	(10)
Capital deficiency	-	(14)	(16)	(15)	(10)
Net tangible liabilities (RM'000)	-	(14)	(16)	(15)	(10)
Net tangible liabilities per share (RM)	-	(7,000)	(8,000)	(7,500)	(5,000)

Notes:

(1) Included in current assets are the following:

(i) Amount due from companies which are involved in the restructuring exercise mentioned in section B.2:

	← As of →				
	30.6.1999 RM'000	30.6.2000 RM'000	30.6.2001 RM'000	30.6.2002 RM'000	30.6.2003 RM'000
Amount due from holding company: SYD	-	-	-	4	8

(2) The issued capital for the periods under review is RM2, consisting of 2 ordinary shares of RM1.00 each.

15. ACCOUNTANTS' REPORT (CONT'D)

H. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of Plenitude and its subsidiary companies as of 30 June 2003, should be read in conjunction with the notes in Section J herein:

	Note	Audited As of 30 June 2003 RM'000
ASSETS		
Property, plant and equipment	J.3	2,734
Investment properties	J.4	19,154
Land held for future development	J.5	54,267
Property development project - non-current portion	J.6	223,253
Other investment	J.7	20
CURRENT ASSETS		
Property development project - current portion	J.6	24,185
Inventories	J.8	1,499
Trade receivables	J.9	44,682
Other receivables and prepaid expenses	J.10	2,262
Short-term deposits with licensed banks	J.11	6,895
Cash and bank balances	J.12	36,409
		115,932
CURRENT LIABILITIES		
Trade payables		14,189
Retention monies		10,679
Other payables and accrued expenses	J.13	70,808
Term loan – current portion	J.14	2,000
Bank overdraft	J.15	13,980
Tax liabilities		2,586
		114,242
Net Current Assets		1,690
Term loan – non-current portion	J.14	(16,000)
Deferred taxation	J.16	(185)
Net Assets		284,933
Represented by:		
Issued capital	J.17	101,250
Reserves	J.18	183,683
Shareholders' fund		284,933

15. ACCOUNTANTS' REPORT (CONT'D)

I. CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement of Plenitude, based on the audited financial statements of Plenitude and its respective subsidiary companies for the year ended 30 June 2003, is presented below. This statement should be read in conjunction with the notes in Section J herein:

	Note	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		40,027
Adjustments for:		
Finance cost		890
Depreciation of property, plant and equipment		393
Interest income		(1,544)
Gain on disposal of property, plant and equipment		(50)
Operating Profit Before Working Capital Changes		39,716
(Increase)/Decrease in:		
Land held for future development		989
Property development project		(24,625)
Inventories		(24)
Trade receivables		(17,867)
Other receivables and prepaid expenses		36,066
Amount owing by ultimate holding company		10
Increase/(Decrease) in:		
Trade payables		(49,147)
Retention monies		(397)
Other payables and accrued expenses		20,351
Cash Generated From Operations		5,072
Tax paid		(15,094)
Net Cash Used In Operating Activities		(10,022)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash and cash equivalents arising from the acquisition of subsidiary companies*		21,453
Interest received		1,544
Decrease in investment property		567
Proceeds from sales of property, plant and equipment		50
Purchase of property, plant and equipment		(1,450)
Purchase of other investment		(20)
Net Cash From Investing Activities		22,144

(Forward)

15. ACCOUNTANTS' REPORT (CONT'D)

	Note	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loan		18,000
Placement of fixed deposits		(2,684)
Interest paid		(890)
Repayment of hire-purchase obligations		<u>(2)</u>
Net Cash From Financing Activities		<u>14,424</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		26,546
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>94</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>26,640</u>
Cash and cash equivalents comprise:		
Short-term deposits with licensed banks	J.11	6,895
Cash and bank balances	J.12	36,409
Bank overdraft	J.15	<u>(13,980)</u>
		29,324
Less: Fixed deposit pledged		<u>(2,684)</u>
		<u>26,640</u>

(Forward)

15. ACCOUNTANTS' REPORT (CONT'D)

*** ANALYSIS OF ACQUISITION OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 30 JUNE 2003**

The value of the assets and liabilities assumed were as follows:

	RM'000
Property, plant and equipment	1,611
Investment property	19,721
Land held for future development	52,186
Property development project	222,813
Inventories	1,475
Trade receivables	26,815
Other receivables and prepaid expenses	36,213
Amount due from ultimate holding company	10
Fixed deposits with licensed banks	34,915
Cash and bank balances	21,155
Trade payables	(63,336)
Retention monies	(11,076)
Other payables and accrued expenses	(46,257)
Hire-purchase payable	(2)
Bank overdraft	(34,617)
Tax liabilities	(4,541)
Deferred tax liabilities	(83)
	<hr/>
Net assets acquired	257,002
Reserve on consolidation	(156,052)
	<hr/>
Purchase consideration settled by issued of shares	100,950
	<hr/>
Cash and cash equivalents arising from the acquisition of subsidiary companies	21,453
	<hr/> <hr/>

15. ACCOUNTANTS' REPORT (CONT'D)

J. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

J.1 BASIS OF PREPARATION OF THE STATEMENT OF ASSETS AND LIABILITIES

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

J.2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The statement of assets and liabilities have been prepared under the historical cost convention.

Basis of Consolidation

The Group's statement of assets and liabilities include the statement of assets and liabilities of the Company and all its subsidiary companies made up to 30 June 2003. All significant inter-company transactions and balances are eliminated on consolidation.

The Company adopts the acquisition method of consolidation and under this method, the excess of the fair value of the net tangible assets of the subsidiary companies at the date of acquisition over the purchase consideration is included in the consolidated financial statements as reserve arising on consolidation.

Income Tax

The tax effects of transactions are recognised, using the 'liability' method in the period such transactions enter into the determination of net income regardless of when they are recognised for tax purposes. Deferred taxation is provided for the temporary difference between tax capital allowances and book depreciation of property, plant and equipment and interest capitalised under the property development projects.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Gains or losses arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and is recognised in the income statements.

15. ACCOUNTANTS' REPORT (CONT'D)

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. Any impairment loss is charged to the income statements.

Depreciation of property, plant and equipment is computed on the straight-line method based on their estimated useful lives. The annual rates used are as follows:

	Rate
Buildings	10%
Office equipment	10% - 40%
Furniture and fittings	10% - 33 1/3%
Renovation	5% - 33 1/3%
Operating supplies and equipment	12%
Motor vehicles	20%

Investment Property

Investment property consists of the cost of hotel land, buildings and their integral plant and equipment.

Investment property is not depreciated. Investment property is appraised once in every five years, by independent professional valuers based on open market value, and are maintained in such condition that the residual value is high such that any depreciation, if applicable, would be insignificant. Any surplus arising there from will not be incorporated in the financial statements. Any deficit arising, if considered by the Directors to be permanent in nature, will be charged to the income statement. The related maintenance expenditure is charged to the income statement.

The carrying amount of investment property is reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the investment property's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the investment property exceeds its recoverable amount. The impairment loss is charged to the income statement. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised had the write-down or write-off not occurred. Such subsequent increase in recoverable amount is recognised in the income statement.

Land Held for Future Development

Land held for future development consist of freehold land and related development expenditure and are stated at cost/valuation. Land held for future development will be reclassified to property development projects when significant development work has been undertaken and is expected to be completed within the normal operating cycle of two to three years or when intended for sale as vacant land.

15. ACCOUNTANTS' REPORT (CONT'D)

Property Development Projects

Property development projects consist of the cost of freehold land and related development expenditure incurred, and portion of profit attributable to the development work performed to date, less applicable progress billings.

Interest costs incurred on the development of property development projects are capitalised and included as part of development expenditure.

The Group considers as current assets that portion of property development projects on which significant development work has been done and is expected to be completed within the normal operating cycle of two to three years.

Other Investment

Other investment, which consists of investment in golf club membership, is stated at cost.

Allowance for diminution in value of investment is made there is a permanent impairment of the investment.

Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of completed houses and shop lots is determined on the specific identification method. The cost of food and beverages is determined on a first-in-first-out basis and includes the original purchase cost plus cost incurred in bringing the inventories to its present location. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amount. Allowance for doubtful receivables is made based on estimates of possible losses, which may arise from non-collection of certain receivable amounts.

Provisions

Provisions are made when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be recognised to settle the obligation, and when a reliable estimate of the amount can be made.

15. ACCOUNTANTS' REPORT (CONT'D)

Consolidated Cash Flow Statement

The Group adopts the indirect method in the preparation of the consolidated cash flow statement.

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to known amount of cash with insignificant risk of changes in value.

J.3 Property, plant and equipment

	Freehold land and building RM'000	Other property, plant and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost	361	2,914	1,147	4,422
Accumulated depreciation	<u>(69)</u>	<u>(966)</u>	<u>(653)</u>	<u>(1,688)</u>
Net book value	<u>292</u>	<u>1,948</u>	<u>494</u>	<u>2,734</u>

J.4 Investment Properties

	RM'000
Hotel land, buildings and their integral plant and equipment - at cost	<u>19,154</u>
Fair value	<u>19,667</u>

J.5 Land Held For Future Development

	RM'000
Freehold land - at cost	12,940
- at 1997 valuation	39,484
Development expenditure	<u>1,843</u>
	<u>54,267</u>

In 1997, the freehold land of the Group was revalued by the directors based on valuations carried out by an independent firm of professional valuers using the "fair market value" basis.

15. ACCOUNTANTS' REPORT (CONT'D)

J.6 Property Development Projects

	RM'000
Freehold land - at cost	149,951
- at 1997 valuation	8,135
Development expenditure	<u>563,535</u>
	721,621
Non-current portion	<u>(223,253)</u>
	498,368
Add: Portion of profit attributable to development work performed to date	<u>163,150</u>
	661,518
Less: Progress billings	<u>(637,333)</u>
Current portion	<u>24,185</u>

In 1997, the freehold land of the Group was revalued by the directors based on valuations carried out by an independent firm of professional valuers using the "fair market value" basis.

Cumulative charges to the property development expenditure include the following:

	RM'000
Interest cost	<u>171</u>

J.7 Other Investment

	RM'000
Investment in golf club membership – at cost	<u>20</u>

J.8 Inventories

	RM'000
At cost:	
Completed houses and shop lots	1,444
Food and beverages	<u>55</u>
	<u>1,499</u>

15. ACCOUNTANTS' REPORT (CONT'D)

J.9 Trade Receivables

Included in trade receivables of the Group is an amount of RM7,636,151 representing unbilled receivables.

J.10 Other Receivables and Prepaid Expenses

	RM'000
Other receivables	383
Refundable deposits	708
Prepaid expenses	1,170
Tax recoverable	<u>1</u>
	<u>2,262</u>

J.11 Short-Term Deposits with Licensed Banks

Included in short-term deposits of the Group is an amount of RM2,683,517 placed with a local bank as security for bank guarantee facilities granted by the said bank.

J.12 Cash and Bank Balances

Included under the Group's cash and bank balances is an amount of RM28,987,898 deposited into Housing Development Accounts in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act, 1966. These accounts, which consist of monies received from purchasers, are maintained for the payment of property development expenditure incurred. The surplus monies, if any, will be released to the Group upon the completion of the property development project and after all property development expenditure has been fully settled.

J.13 Other Payables and Accrued Expenses

	RM'000
Other payables	4,655
Accrued expenses	4,902
Provision for completion	<u>61,251</u>
	<u>70,808</u>

15. ACCOUNTANTS' REPORT (CONT'D)

J.14 Term Loan

	RM'000
Term loan	18,000
Less: Amount due within 12 months included under current liabilities	<u>(2,000)</u>
Non-current portion	<u>16,000</u>
The non-current portion is repayable as follows:	
Financial years ending June 30:	
2005	8,000
2006	<u>8,000</u>
	<u>16,000</u>

The Group has a term loan facility amounting to RM18.0 million obtained from a local bank. This facility is secured by a fixed and floating charge over the assets of a subsidiary company and corporate guarantee from Plenitude.

The facility bears interest at rate of 7.5% per annum.

The term loan is repayable in 9 equal quarterly principal installments of RM2 million each, with the first quarterly installment commencing 12 months after the first drawdown of the term loan or via redemption of the units to be built under the Changkat Kiara development project.

J.15 Bank Overdraft

	RM'000
Bank overdraft	<u>13,980</u>

The Group has bank overdraft, bank guarantee and bridging loan facilities amounting to RM46.278 million obtained from three local banks. These facilities are secured by way of a fixed and floating charge over the assets of a subsidiary company, legal charges over the fixed and floating assets and certain portions of the freehold land of the Group and corporate guarantee from Plenitude. The bank guarantee and bridging loan facilities remained unutilised as of 30 June 2003.

The facility bears interest at rates ranging from 7.65% to 7.90% per annum.

15. ACCOUNTANTS' REPORT (CONT'D)

J.16 Deferred Taxation

The deferred tax liabilities is in respect of the following:

	RM'000
Temporary differences between tax capital allowances over book depreciation of property, plant and equipment	77
Temporary differences arising from finance costs capitalised	<u>108</u>
	<u>185</u>

J.17 Issued Capital

	RM'000
Authorised: 500,000,000 ordinary shares of RM1.00 each	<u>500,000</u>
Issued and fully paid-up: Ordinary shares of RM1.00 each:	
As of 1.7.2002	300
Issue of 100,950,000 ordinary shares of RM1.00 each for the acquisition of subsidiary companies as mentioned in part B.2 of this report	<u>100,950</u>
As of 30.6.2003	<u>101,250</u>

J.18 Reserves

	Reserve on consolidation RM'000	Unappropriated profit/ Accumulated loss RM'000	Total RM'000
Balance as of 30.6.2002	-	(243)	(243)
Arising from acquisitions of subsidiary companies	156,052	-	156,052
Net profit for the year	<u>-</u>	<u>27,874</u>	<u>27,874</u>
Balance as of 30.6.2003	<u>156,052</u>	<u>27,631</u>	<u>183,683</u>

15. ACCOUNTANTS' REPORT (CONT'D)

K. NET TANGIBLE ASSETS COVER

Based on the statement of assets and liabilities of the Plenitude Group as of 30 June 2003, the consolidated Net Tangible Assets per ordinary share of RM1.00 each is RM2.81 calculated as follows:

(a) Net Tangible Asset (NTA)

	RM'000
Shareholders' funds	<u>284,933</u>
Number of ordinary shares of RM1.00 each ('000)	<u>101,250</u>
NTA per ordinary share of RM1.00 each (RM)	<u>2.81</u>

L. SIGNIFICANT EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There were no significant events occurring subsequent to balance sheet date that have a material affect on the financial statements of Plenitude Group as of 30 June 2003.

M. AUDITED FINANCIAL STATEMENTS

No audited financial statements of Plenitude Group have been drawn up in respect of any period subsequent to 30 June 2003.

Yours very truly,


DELOITTE & TOUCHE
 AF 0834
 Chartered Accountants


ROSITA TAN
 1874/9/04 (J)
 Partner