7.0 PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTD.)

7.1 Significant Accounting Policies (contd.)

(c) Property, plant and equipment and depreciation (contd.)

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 7.1(k).

Depreciation is calculated on the straight line method to write off the cost of the assets over their estimated useful lives. The estimated useful lives are as follows:

Leasehold land	- Over remaining term of lease
Freehold land and buildings	- 2%
Building	- 5%
Furniture, fittings and equipment	- 71/2% and 10%
Computer equipment	- 20%
Plant and machinery	- 7%
Motor vehicle	- 20%

With effect from the current financial year, the SCMC Group changed the annual depreciation rate for plant and machinery from 10% to 7% so as to better reflect their estimated useful lives. The effect on the financial statements of this change in accounting estimate is decrease in depreciation charge for the year for SCMC Group by RM1,759,292 and increase in SCMC Group's current year profit by RM1,759,292.

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement and the attributable portion of the revaluation surplus is taken directly to retained profits.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(d) Investment in subsidiary companies

The Company's investment in subsidiary company is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 7.1(k).

On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is charged or credited to the income statement.

7.0 PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTD.)

7.1 Significant Accounting Policies (contd.)

(e) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credit can be utilised. Deferred tax is not recognised if the temporary differences arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Prior to the adoption of MASB Standard 25 Income Taxes on 1 April 2003, deferred tax as provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively.

(f) Goodwill

Goodwill represents the excess of the cost of acquisition over the SCMC Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary company at the date of acquisition.

Goodwill is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 7.1(k). Goodwill is not amortised but write-offs are made where, in the opinion of the Directors, impairment has occurred.

7.0 PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTD.)

7.1 Significant Accounting Policies (contd.)

(g) Intangible asset

This represents the cost of acquisition of the name of the newspaper, "SIN CHEW DAILY" and the publishing permit of the magazine " Business World". It is capitalised and amortized through the income statement over twenty and ten years respectively.

(h) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and the net realisable value. Inventories are determined on a weighted average basis. Cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

(i) Financial instruments

Financial instruments are recognised in the balance sheet when the SCMC Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instruments classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the SCMC Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Non-current investments

Non-current investments other than investment in subsidiary companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 7.1(k).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

7.0 PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTD.)

7.1 Significant Accounting Policies (contd.)

(i) Financial instruments (contd.)

(iv) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(v) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(j) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year which the associated services are rendered by employees of the Company. Short term non-accumulating compensated absence are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contribution are recognised as an expense in the income statements as incurred.

(k) Impairment of assets

At each balance sheet date, the SCMC Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying value of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased.

7.0 PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTD.)

7.1 Significant Accounting Policies (contd.)

(l) Leases

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incident to ownership. All other leases are classified as operating leases.

Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 7.1(c).

Operating leases

Operating lease payments are charged to the income statement on a straight–line basis over the term of the relevant lease.

(m) Provision for liabilities

Provision for liabilities are recognised when the SCMC Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

7.0 PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTD.)

7.1 Significant Accounting Policies (contd.)

(n) Cash and cash equivalents

Cash and cash equivalents in the Cash Flow Statements represent short-term, highly liquid investments that are readily convertible to cash with an insignificant risk of changes in value less short term borrowings repayable on demand.

For the purpose of the Cash Flow Statements, cash and cash equivalents include cash and bank balances, net of outstanding bank overdrafts.

(o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before the revenue is recognised.

(i) Circulation revenue

Circulation revenue comprises sales of newspapers and magazines and is recognised when the newspapers and magazines are despatched to customers for a consideration.

(ii) Advertisement revenue

Advertisement revenue is recognised when services are rendered and invoiced upon confirmation of the advertisement by the customers.

(iii) Printing Revenue

Printing revenue is recognised when services are rendered.

7.0 PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTD.)

7.2 Property, plant and equipment

Proforma I

	Land & Buildings RM'000	Motor vehicles, office equipment, furniture & fittings RM'000	Renovation, Plant & Machinery RM'000	Capital work in progress RM'000	Total RM'000
Cost					
At 31.3.2004	58,020	29,657	93,530	22,409	203,616
Accumulated depreciation					
At 31.3.2004	(7,979)	(23,457)	(49,601)	-	(81,037)
Net book value					
At 31.3.2004	50,041	6,200	43,929	22,409	122,579

Land and buildings comprise the following:-

	Freehold land and buildings RM'000	Short leasehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 31.3.2004	645	35,915	21,460	58,020
Accumulated depreciation				
At 31.3.2004	(201)	(2,249)	(5,529)	(7,979)
Net book value				
At 31.3.2004	444	33,666	15,931	50,041

(a) Included in property, plant and equipment of the SCMC Group is a total net book value of RM1,020,729 representing assets acquired on instalment payment arrangement.

(b) Certain property, plant and equipment of the SCMC Group with the following net book values are pledged as security for term loans obtained.

	RM'000
Leasehold land	19,761
Buildings	4,243
	24,004

7.0 PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTD.)

7.3 Investment in subsidiary companies

The details of the subsidiary companies of the SCMC Group are as follows:

Subsidiary Companies	Principal activities	Country of incorporation	Group equity interest
			%
Guang-Ming Ribao Sdn Bhd	Publishing of the newspaper known as "Guang-Ming Daily"	Malaysia	100
Sinchew-i Sdn Bhd	Provides a super portal to other portals on the worldwide web for the purpose of internet marketing and promotion	Malaysia	100
Mulu Press Sdn Bhd	Newspaper circulation and distribution agent and provision of editorial services and contract labour	Malaysia	100
Media Communications Sdn Bhd	Publishing and distribution of magazines	Malaysia	100

7.4 Deferred tax assets

	At 31 March 2004 RM'000	Proforma I RM'000
At beginning of year	-	16,733
Transfer to income statement	-	(485)
	-	16,248

7.0 PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTD.)

7.5 Other investment

	At 31 March 2004 RM'000	Proforma I RM'000
At cost		
Unquoted shares in Malaysia	-	-
Quoted shares in Malaysia	977	977
	977	977
Market value of quoted shares at 31 March	975	975

7.6 Intangible assets

Represent the cost of acquisition of the name of the newspaper, "SIN CHEW DAILY" and the publishing permit of the magazine " Business World" less amortization to date.

	At 31 March 2004 RM'000	Proforma I RM'000
At Cost	1,908	1,908
Less: Amortization	(1,545)	(1,545)
	363	363

7.7 Current assets

	Notes		
Inventories	(a)	49,169	50,623
Trade receivables	(b)	92,667	76,157
Other receivables, prepayments and deposits	(c)	15,725	15,900
Deposits, cash and bank balances	(d)	19,872	16,869
		177,433	159,549

(a) Inventories

Raw materials	49,134	50,588
Consumables	35	35
	49,169	50,623
The carrying amount of inventories is stated as follows:		
At cost	49,169	50,623

7.0 PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTD.)

7.7 Current assets (contd.)

(b) Trade receivables

	At 31 March 2004 RM'000	Proforma I RM'000
Trade receivables	106,673	94,385
Less: Allowances for doubtful debts	(14,006)	(18,228)
	92,667	76,157

The SCMC Group's normal credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case by case basis.

The SCMC Group has no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors.

(c) Other receivables

	At 31 March 2004 RM'000	Proforma I RM'000
Sundry debtors	2,505	2,597
Amount due from a corporate shareholder	7,569	7,569
Deposits	1,735	1,780
Prepayments	3,978	4,016
Current tax assets	29	29
Allowance for doubtful debts	(91)	(91)
	15,725	15,900

The SCMC Group has no significant concentration of credit risk that may arise from exposures to a single debtor or group of debtors.

(d) Deposit, cash and bank balances

	At 31March 2004 RM'000	Proforma I RM'000
Cash and bank balances	10,672	7,629
Short term deposits	9,200	9,240
	19,872	16,869

7.0 PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTD.)

7.8 Current liabilities

	Note	At 31March 2004 RM'000	Proforma I RM'000
Bank overdrafts, unsecured	(a)	8,207	8,207
Short term borrowings	(b)	39,629	39,629
Trade payables	(c)	19,723	20,391
Other payables and accruals	(d)	20,377	23,009
Lease payables	(e)	227	248
Provision for liabilities	(f)	2,200	2,200
Tax payable		2,900	2,901
		93,263	96,585

(a) Bank Overdraft

During the financial year, the weighted average effective interest rate for bank overdrafts of the SCMC Group was 3.14%.

(b) Short term borrowings

	At 31 March 2004 RM'000	Proforma I RM'000
Secured :		
Term loans		
- Repayable within 12 month	3,000	3,000
Unsecured :		
Bank acceptances	35,447	35,447
Term loans		
- Repayable within 12 month	1,182	1,182
Revolving credit	-	-
	36,629	36,629
	39,629	39,629
Total borrowing		
Bank acceptances	35,447	35,447
Term loans	4,182	4,182
Revolving credit	-	-
	39,629	39,629

7.0 PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTD.)

7.8 Current liabilities (contd.)

(b) Short term borrowings

The weighted average effective interest rates during the financial year for borrowings of the SCMC Group were as follows:

Bank acceptances	4.07%
Term loans	6.94%
Revolving credit	5.44%

The secured term loans of the SCMC Group are secured by certain assets of the SCMC Group.

(c) Trade payables

The normal credit term granted to the SCMC Group ranges from 30 to 90 days.

(d) Other payables and accruals

	At 31 March 2004 RM'000	Proforma I RM'000
Other payables	7,978	8,660
Deposit received	2,133	2,345
Accruals	10,266	12,004
	20,377	23,009

(e) Lease payables

	At 31 March 2004 RM'000	Proforma I RM'000
Repayable within 12 months	227	248
Repayable after 12 months	441	490
	668	738
Minimum lease payable		
Not later than one year	265	292
Later than one year and not later than five years	520	579
	785	871
Less: Future finance charges	(117)	(133)
Present value of finance lease liabilities	668	738

7.0 PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTD.)

7.8 Current liabilities (contd.)

(f) Provision for liabilities

	At 31 March 2004 RM'000	Proforma I RM'000
At beginning of the year	-	-
Allowance during the year	2,200	2,200
	2,200	2,200

The provision for liabilities is in respect of estimated probable loss arising from libel suits which involved claims against the SCMC Group.

7.9 Share capital

	At 31 March 2004	Proforma I
Authorised		
Number of ordinary shares ('000)	250,000*	500,000^
Issued and fully-paid		
Number of ordinary shares ('000)	10,000*	302,000^

* comprise ordinary shares of RM1.00 each
^ comprise ordinary shares of RM0.50 each

7.10 Share premium

	At 31 March 2004 RM'000	Proforma I RM'000
Arising from rights issue of shares	-	2,800
Less: Estimated listing expenses	-	(2,500)
	-	300

7.0 PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTD.)

	Note	At 31 March 2004 RM'000	Proforma I RM'000
7.11 Deferred and long-term liabilities			
Lease payables	7.8(e)	441	490
Term loans	(a)	14,183	14,183
Deferred taxation	(b)	4,588	4,588
		19,212	19,261
(a) Term loans			
Secured		16,000	16,000
Unsecured		2,365	2,365
		18,365	18,365
Represented by:			
Portion repayable within 12 months			
Secured		3,000	3,000
Unsecured		1,182	1,182
	7.8(b)	4,182	4,182
Portion repayable after 12 months			
Secured		13,000	13,000
Unsecured		1,183	1,183
		14,183	14,183
		18,365	18,365

The term loans are secured by legal charges over the certain leasehold land and buildings of the SCMC Group. The loans bear interest at rates ranging from 4.95% to 7.90 % per annum.

7.0 PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTD.)

7.11 Deferred and long term liabilities (contd.)

(b) Deferred taxation

	At 31 March 2004 RM'000	Proforma I RM'000
At beginning of year	3,283	3,283
Transfer to income statement	1,305	1,305
At end of year	4,588	4,588

7.12 Capital commitments

Capital expenditure not provided for in the financial statements		
Authorised and contracted for	36,524	36,524

7.13 Contingent liabilities

As at the date of this report, there are several libel suits which involve claims against SCMC and one of its subsidiary company, GMRSB. The total amount of the claims is approximately RM232 million. The directors are of the opinion that no allowance is required in connection with these claims as the outcome of these claims are uncertain other than a probable loss of approximately RM2.2 million estimated by SCMC's Group solicitors. SCMC Group has made a provision of RM2.2 million which has been recognised in the financial statements as disclosed in Note 7.8(f).

7.0 PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTD.)

7.14 Financial instruments

(a) Financial risk management objectives and policies

The SCMC Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the SCMC Group's businesses whilst managing its interest rate, liquidity and credit risks. The SCMC Group operates within defined guidelines and the SCMC Group's policy is to not engage in speculative transactions.

(b) Interest rate risk

The SCMC Group's primary interest rate risk relates to interest-bearing debt, as the SCMC Group had no long-term interest-bearing assets as at 31 March 2004. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits.

The SCMC Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

(c) Liquidity risk

The SCMC Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the SCMC Group maintains sufficient levels of cash or cash equivalents to meet its working capital requirements. In addition, the SCMC Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the SCMC Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(d) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored via strictly limiting the SCMC Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the SCMC Group's management reporting procedures.

The SCMC Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

7.0 PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTD.)

7.14 Financial instruments (contd.)

(e) Fair values

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheet of the SCMC Group as at 31 March 2004 are represented as follows:

	Note	Proforma I Carrying amount RM'000	 Fair value RM'000
Financial assets			
Quoted shares	7.5	977	975
Financial liabilities			
Lease payables	7.8(e)	738	#
Term loans	7.11(a)	18,365	#

\# The fair value information pertaining to these liabilities is not disclosed as it is not practicable due to timeliness or cost to determine the fair value with sufficient reliability. However, the SCMC Group believes the fair value of these liabilities are not materially different from their carrying amounts. The principal characteristics, namely the terms and conditions of the instruments have been disclosed in 7.8(e) and 7.11(a).

It is also not practicable to estimate the fair value of the contingent liabilities as disclosed on Note 7.13 to the financial statements due to uncertainties of timing, costs and eventual outcome.

The following method and assumption are used to estimate the fair values of the following classes of financial instruments:

Cash and cash equivalents, trade and other receivables/payables and short term borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

8.0 PROFORMA CASH FLOW STATEMENTS

The Proforma Cash Flow Statement of the SCMC Group set out below is provided for illustrative purposes only on the assumption that the Acquisition of GMRSB, Share Split, Bonus Issue, and Rights Issue (collectively known as the Restructuring Scheme) including the utilisation of the proceeds from the Rights Issue have been effected prior to 1 April 2003 and are based on the audited cash flow statements of SCMC and its then existing subsidiary companies together with GMRSB for the year ended 31 March 2004 modified to included adjustment as we considered appropriate :-

	Proforma I
	RM'000
Cash flows from operating activities	
Profit before taxation	55,340
Adjustments for:	
Allowance for doubtful debts	
Amortisation of intangible assets	91
Bad debts written off	216
Depreciation of property, plant and equipment	8,292
Property, plant and equipment written off	1
Gain on disposal of property, plant and equipment	(162)
Interest income	(409)
Interest expenses	2,642
Operating profit before working capital changes	73,852
Changes in working capital:	
Inventories	938
Receivables	10,572
Payables	(44,155)
Cash generated from operations	41,207
Income tax paid	(9,364)
Interest paid	(2,642)
Interest received	409
Net cash generated from operating activities	29,610
Cash flows from investing activities	
Acquisition of property, plant and equipment	(12,754)
Proceeds from disposal of property, plant and equipment	230
Proceeds from disposal of other investments	10
Net cash used in investing activities	(12,514)

8.0 PROFORMA CASH FLOW STATEMENTS (CONTD.)

	Proforma I RM'000
Cash flows from financing activities	
Net proceed from banker's acceptance	17,947
Repayment of term loan	(4,665)
Repayment of lease payables	(15,506)
Drawdown of revolving credit	25,000
Repayment of revolving credit	(35,000)
Proceeds from rights issue	42,800
Payment of listing expenses	(2,500)
Dividend paid	(30,000)
Net cash used in financing activities	(1,924)
Net increase in cash and cash equivalents	15,172
Cash and cash equivalents at the beginning of the year	(6,510)
Cash and cash equivalents at the end of the year	8,662
Analysis of cash and cash equivalents:	
Cash and bank balances	7,629
Short term deposits	9,240
Bank overdrafts	(8,207)
	8,662
Analysis of acquisition of property, plant and equipment:	
By cash	12,754
By lease	15,330
	28,084

Proforma I : *The Acquisition of GMRSB, the Share Split, the Bonus Issue, and the Rights Issue (collectively known as the Restructuring Scheme) including the utilisation of the proceeds from the Rights Issue.*

9.0 PROFORMA GROUP NET TANGIBLE ASSETS COVER

Based on the Proforma Consolidated Statement of Assets and Liabilities set out in Section 7.0 of this report, the proforma consolidated Net Tangible Asset ("NTA") per ordinary share after the restructuring and rights issue is as follows:

NTA (RM'000)	183,507
Number of ordinary shares of RM0.50 each assumed in issue ('000)	302,000
NTA per ordinary share of RM0.50 each (RM)	0.61

10.0 AUDITED FINANCIAL STATEMENTS

No audited financial statements of the SCMC Group have been prepared in respect of any period subsequent to 31 March 2004.

11.0 SUBSEQUENT EVENTS

There were no material subsequent events that require disclosure in this report other than the restructuring exercise which involved the acquisition of the entire issued and paid-up capital of GMRSB, share split, bonus issue of 202,000,000 SCMC Shares and rights issue of 80,000,000 SCMC Shares at an issue price of RM0.535 per share. These transactions are assumed to have been completed on 31 March 2004 and should be read in conjunction with the notes herein.

ERNST & YOUNG
AF:0039
Chartered Accountant

YONG VOON KAR
1769/04/06 (J/PH)
Partner

(Prepared for inclusion in this Prospectus)

星洲日報
SIN CHEW DAILY

Registered Office:

No. 19, Jalan Semangat
46200 Petaling Jaya
Selangor Darul Ehsan

14 September 2004

The Shareholders
Sin Chew Media Corporation Berhad *(formerly known as Pemandangan Sinar Berhad and Pemandangan Sinar Sdn Bhd)*

Dear Sir/Madam

On behalf of the Directors of Sin Chew Media Corporation Berhad ("SCMC"), I report after due enquiry that during the period from 31 March 2004 (being the date to which the last audited financial statements of SCMC and its subsidiaries ("Group") have been made) to 10 September 2004 (being a date not earlier than fourteen days before the issue of this Prospectus):

(a) the business of the Group has, in the opinion of the Directors of SCMC, been satisfactorily maintained;

(b) in the opinion of the Directors of SCMC, no circumstances have arisen subsequent to the last audited financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;

(c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) save as disclosed in this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the Group;

(e) there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which the Directors of SCMC are aware of; and

(f) save as disclosed in this Prospectus, there have been no changes in the published reserves or any unusual factors affecting the profits of the Group.

Yours faithfully
For and on behalf of the Board of Directors
Sin Chew Media Corporation Berhad

Dato' Liew Kam Chean @ Liew Chen Chuan
Managing Director

星洲媒体集团
Sin Chew Media Corporation Berhad (98702-V)
(Formerly known as Pemandangan Sinar Berhad)
19, Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Tel: 603-7965 8888 Fax: 603-7954 2541
Website: www.sinchew-i.com