

11. ACCOUNTANTS' REPORT

9.1 AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF CLSB (Cont')



Note 7: Inventories

Group

Inventories represent trading goods which are stated at cost.

- (a) Details of the ageing of inventories based the Group's accounting records as at 31 March 2007 are as follows:

	0-30 days RM	31-60 days RM	61-90 days RM	91-120 days RM	over 120 days RM	Total RM
Inventories	483,036	1,690,658	-	312,070	404,459	2,890,223
% of total inventories	17%	58%	-	11%	14%	100%

Note 8: Trade receivables

Group 31.3.2007 RM

Third parties	29,411,615
Less: Allowance for impairment of trade receivables	(85,857)
	29,325,758

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 3 to 4 months.

- (b) The foreign currency exposure profile of trade receivables is as follows:

Group 31.3.2007 RM

US Dollar	5,291,231
Singapore Dollar	121,135
	5,412,366

- (c) Details of the ageing of trade receivables based the Group's accounting records as at 31 March 2007 are as follows:

	Within credit period				Exceed credit	Total RM
	0-30 days RM	31-60 days RM	61-90 days RM	91-120 days RM	Exceed credit over 120 days RM	
Gross trade receivables	9,170,909	5,566,003	3,690,240	2,440,962	8,543,501	29,411,615
% of total trade receivables	31%	19%	13%	8%	29%	100%

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9.1 AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF CLSB (Cont')

Note 9: Other receivables, deposits and prepayments

	Group 31.3.2007 RM
Other receivables	1,616,041
Deposits	18,263
Prepayments	766,821
	<u>2,401,125</u>

Note 10: Fixed deposits with licensed banks**Group**

Included are fixed deposits of RM1,500,000 pledged for banking facilities granted to the Group.

Note 11: Share capital

	Company 31.3.2007 RM
Ordinary shares of RM1.00 each:	
<i>Authorised:</i>	<u>100,000,000</u>
<i>Issued and fully paid:</i>	
Balance at 1 April	2
Acquisitions of subsidiary companies	<u>27,982,645</u>
Balance at 31 March	<u>27,982,647</u>

Note 12: Retained profits**Group**

Subject to the agreement with the Inland Revenue Board, the Company and certain subsidiary companies have tax exempt accounts amounting to approximately RM26,250,000 and RM14,185,262 respectively available for the distribution of tax exempt dividends.

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9.1 AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF CLSB (Cont')



Note 13: Term loans (secured)

	Group 31.3.2007 RM
Term loan I repayable by 60 equal monthly installments of RM89,638 each commencing March 2005	2,650,574
Term loan II repayable by 60 monthly installments as follows:	
- RM110,988 per month from June 2006	
- RM112,798 per month from June 2007	
- RM117,071 per month from June 2008	5,099,849
	<u>7,750,423</u>
<i>Repayable as follows:</i>	
Current liabilities (Note 18)	2,023,535
Non-current liabilities	5,726,888
	<u>7,750,423</u>

The term loans are secured by:

- (a) a facility agreement as principal instrument;
- (b) a corporate guarantee from Malsuria Holdings Sdn. Bhd.;
- (c) a joint and several guarantee by certain Directors;
- (d) a statutory mortgage over 2 vessels of the Group;
- (e) a debenture incorporating fixed charge over a vessel of the Group; and
- (f) a legal assignment of marine insurance policy over a vessel of the Group.

The term loans are charged at 4.18% per annum for the 1st year effective from the date of offer, 5.0% per annum for the 2nd year and thereafter at 1.25% per annum above the bank's base lending rate.

Note 14: Deferred tax liabilities

The deferred tax liabilities represent the excess of capital allowances over corresponding depreciation and the movements are as follows:

	Group 31.3.2007 RM
Balance at 1 April	-
Acquisitions of subsidiary companies	92,995
Recognised in income statement (Note 5)	50,061
Balance at 31 March	<u>143,056</u>

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9.1 AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF CLSB (Cont')



Note 15: Trade payables

Group

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 3 to 4 months.
- (b) Included in trade payables is an amount of RM118,988 owing to companies in which certain Directors have interests.
- (c) The foreign currency exposure profile of trade payables is as follows:

	31.3.2007
	RM
US Dollar	348,956
Singapore Dollar	54,374
	<hr/>
	403,330
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- (d) Details of the ageing of trade payables based the Group's accounting records as at 31 March 2007 are as follows:

	Within credit period				Exceed credit	Total
	← 0-30 days	31-60 days	61-90 days	91-120 days	-> over 120 days	
	RM	RM	RM	RM	RM	RM
Gross trade payables	2,217,923	2,254,876	1,481,683	573,854	2,287,590	8,815,926
% of total Trade payables	25%	26%	17%	6%	26%	100%

Note 16: Other payables and accruals

	Group
	31.3.2007
	RM
Other payables	494,475
Accruals	315,354
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	809,829
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Note 17: Amounts owing to Directors

Group

Amounts owing to Directors represent advances and payments made on behalf which are unsecured, interest-free and are payable within 12 months.

11. ACCOUNTANTS' REPORT

9.1 AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF CLSB (Cont')



Note 18: Borrowings (secured)

	Group 31.3.2007 RM
<i>Current liabilities:</i>	
Bank overdraft	71,905
Bankers' acceptances	2,258,000
Term loans (Note 13)	2,023,535
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	4,353,440
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The bank overdraft and bankers' acceptances are secured by:

- (a) a facility agreement as principal instrument;
- (b) a corporate guarantee from Malsuria Holdings Sdn. Bhd.,
- (c) a joint and several guarantee by certain Directors; and
- (d) the fixed deposits of the Group.

The bank overdraft is charged at an interest of 1.50% per annum above the bank's base lending rate.

The bankers' acceptances are charged at an interest of 1.50% per annum on the face value of each banker acceptance plus the prevailing discount rate at time of transaction.

Note 19: Cash and cash equivalents

Cash and cash equivalents comprise the following:

	Group 31.3.2007 RM
Fixed deposits with licensed banks	6,215,437
Cash and bank balances	2,825,745
Bank overdraft	(71,905)
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	8,969,277
Less: Fixed deposits pledged to licensed banks (Note 10)	(1,500,000)
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	7,469,277
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11. ACCOUNTANTS' REPORT

9.2 AUDITED FINANCIAL STATEMENTS OF CLSB



The audited income statements of CLSB which are extracted from the audited financial statements for the past two (2) financial period/year since its date of incorporation are set out below:

	Financial period ended 31.3.2006 RM	Financial year ended 31.3.2007 RM
Revenue	-	26,250,488
Administration expenses	(52,750)	(25,255)
(Loss)/Profit for the period/year	(52,750)	26,225,233

The audited balance sheets of CLSB which are extracted from the audited financial statements for the past two (2) financial period/year since its date of incorporation are set out below:

	As at 31.3.2006 RM	As at 31.3.2007 RM
ASSETS		
Non-current assets		
Available-for-sale financial asset - Investment in subsidiary companies	-	43,631,260
Current assets		
Sundry receivables, deposits and prepayments	-	763,022
Amounts owing by subsidiary companies	-	25,550,000
Cash and bank balances	2	44,593
	2	26,357,615
TOTAL ASSETS	2	69,988,875
EQUITY AND LIABILITIES		
Share capital	2	27,982,647
Share premium	-	324,477
(Accumulated loss)/ Retained profit	(52,750)	26,172,483
Other reserve – fair value reserve	-	15,324,138
TOTAL EQUITY	(52,748)	69,803,745
Current liabilities		
Sundry payables and accruals	500	132,880
Amount owing to a Director	52,250	52,250
TOTAL LIABILITIES	52,750	185,130
TOTAL EQUITY AND LIABILITIES	2	69,988,875

11. ACCOUNTANTS' REPORT

9.2 AUDITED FINANCIAL STATEMENTS OF CLSB (Cont')



The audited cash flow statements of CLSB which are extracted from the audited financial statements for the past two (2) financial period/year since its date of incorporation are set out below:

	Financial period ended 31.3.2006 RM	Financial year ended 31.3.2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit for the period/year	(52,750)	26,225,233
Adjustment for:		
Tax exempt dividend income from subsidiary companies	-	(26,250,000)
Operating loss before working capital changes	(52,750)	(24,767)
Changes in working capital:		
Payables	52,750	132,380
Net cash from operating activities	-	107,613
CASH FLOWS FROM INVESTING ACTIVITIES		
Listing expenses paid	-	(763,022)
Tax exempt dividend income received	-	26,250,000
Net cash from investing activities	-	25,486,978
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances to subsidiary companies	-	(25,550,000)
Proceeds from issue of shares	2	-
Net cash from/(used in) financing activities	2	(25,550,000)
Net increase in cash and bank balances	2	44,591
Cash and bank balances at beginning of period/year	-	2
Cash and bank balances at end of period/year	2	44,593

11. ACCOUNTANTS' REPORT

9.2 AUDITED FINANCIAL STATEMENTS OF CLSB (Cont')



The audited statements of changes in equity of CLSB which are extracted from the audited financial statements for the past two (2) financial period/year since its date of incorporation are set out below:

	Share capital RM	Share premium RM	(Accumulated loss) / Retained profit RM	Other reserve RM	Total RM
At the date of incorporation	2	-	-	-	2
Loss for the period	-	-	(52,750)	-	(52,750)
Balance as at 31 March 2006	2	-	(52,750)	-	(52,748)
Profit for the year	-	-	26,225,233	-	26,225,233
Fair value gains from investments in subsidiaries accounted for as available-for-sale financial asset	-	-	-	15,324,138	15,324,138
Issue of shares	27,982,645	324,477	-	-	28,307,122
Balance as at 31 March 2007	27,982,647	324,477	26,172,483	15,324,138	69,803,745

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11. ACCOUNTANTS' REPORT

9.3 AUDITED FINANCIAL STATEMENTS OF BAGAI PERTAMA



The audited income statements of Bagai Pertama which are extracted from the audited financial statements for the past three (3) financial years are set out below:

	Financial years ended 31 March		
	2005 RM	2006 RM	2007 RM
Revenue	2,965,795	1,477,980	-
Cost of services	(1,903,532)	(1,525,756)	(275,940)
Gross profit/(loss)	1,062,263	(47,776)	(275,940)
Other income	-	-	124
Other expenses	(14,839)	(8,304)	(3,861)
Profit/(Loss) for the year	1,047,424	(56,080)	(279,677)

The audited balance sheets of Bagai Pertama which are extracted from the audited financial statements for the past three (3) financial years are set out below:

	As at 31 March		
	2005 RM	2006 RM	2007 RM
ASSETS			
Non-current assets			
Property, plant and equipment	745,820	663,560	663,000
Current assets			
Trade receivables	385,207	312,019	3,930
Other receivables and deposit	1,650	1,650	1,800
Amounts owing by former related companies	310,000	210,000	-
Amounts owing by related companies	-	-	48,609
Cash and bank balances	180,894	91,101	30,240
	877,751	614,770	84,579
TOTAL ASSETS	1,623,571	1,278,330	747,579
EQUITY AND LIABILITIES			
Share capital	300,000	300,000	300,000
Retained profits	1,280,790	324,710	45,033
TOTAL EQUITY	1,580,790	624,710	345,033
Current liabilities			
Trade payables	15,197	27,829	380,131
Other payables and accruals	27,584	25,791	22,415
Dividend payable	-	600,000	-
TOTAL LIABILITIES	42,781	653,620	402,546
TOTAL EQUITY AND LIABILITIES	1,623,571	1,278,330	747,579

11. ACCOUNTANTS' REPORT

9.3 AUDITED FINANCIAL STATEMENTS OF BAGAI PERTAMA (Cont')



The audited cash flow statements of Bagai Pertama which are extracted from the audited financial statements for the past three (3) financial years are set out below:

	Financial years ended 31 March		
	2005 RM	2006 RM	2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) for the year	1,047,424	(56,080)	(279,677)
Adjustment for:			
Depreciation of property, plant and equipment	85,230	85,560	560
Operating profit/(loss) before working capital changes	1,132,654	29,480	(279,117)
Changes in working capital:			
Receivables	(151,658)	173,188	469,330
Payables	(798,593)	10,839	348,926
Net cash from operating activities	182,403	213,507	539,139
CASH FLOWS FROM INVESTING ACTIVITY			
Purchase of property, plant and equipment	(2,300)	(3,300)	-
Net cash used in investing activity	(2,300)	(3,300)	-
CASH FLOWS FROM FINANCING ACTIVITY			
Dividend paid	-	(300,000)	(600,000)
Net cash used in financing activity	-	(300,000)	(600,000)
Net increase/(decrease) in cash and bank balances	180,103	(89,793)	(60,861)
Cash and bank balances at beginning of year	791	180,894	91,101
Cash and bank balances at end of year	180,894	91,101	30,240