10. FINANCIAL INFORMATION

10.1 PROFORMA CONSOLIDATED INCOME STATEMENTS

The following table is a summary of our proforma consolidated income statements for the past three (3) FYE 2005 to 2007 and are prepared on the assumption that we have been in existence throughout the financial years under review. The proforma consolidated income statements are prepared for illustrative purpose only and should be read in conjunction with the accompanying notes and assumptions set out in Section 10.4 of this Prospectus.

		FYE 2005	FYE 2006	FYE 2007
		RM'000	RM'000	RM'000
Revenue		96,553	91,482	105,496
Gross profit		16,830	17,446	19,627
Profit before interest, depreciation and tax		15,492	15,025	17,822
Depreciation		(1,269)	(1,369)	(1,720)
Interest expenses		(93)	(263)	(509)
PBT		14,130	13,393	15,593
Tax expense		(781)	(877)	(1,267)
PAT		13,349	12,516	14,326
No. of Shares in issue immediately prior to the Public Issue	('000)	108,000	108,000	108,000
Gross profit margin	(%)	17.4	19.1	18.6
PBT margin	(%)	14.6	14.6	14.8
PAT margin	(%)	13.8	13.7	13.6
Effective tax rate	(%)	5.5	6.6	8.1
Gross EPS	(sen)	13.1	12.4	14.4
Net EPS	(sen)	12.4	11.6	13.3
Gross dividend rate	(%)	-	-	-

10. FINANCIAL INFORMATION

Notes to the Proforma Consolidated Income Statements

(a) The proforma consolidated income statements of the CLSB Group for the FYE 2005 to 2007 have been prepared for illustrative purposes only and are based on the audited financial statements of CLSB and its subsidiary companies after making following adjustments considered necessary assuming that the CLSB Group had been in existence during the throughout the financial years under review:

	FYE 2005 RM'000	FYE 2006 RM'000	FYE 2007 RM'000
(i) Yearly depreciation on vessels:			
- based on fair values at acquisition date	860	860	1,123
- provided in the audited financial Statements	1,494	1,757	1,123
Over charges adjusted in the proforma consolidated income statements	634	897	-
(ii) Excluded share of net profit in an associated company	56,930	185,281	-
(iii) Excluded loss on novation of investment in subsidiary companies	-	-	371
(iv) Excluded excess of the group's interest in the net fair value of subsidiary companies' identifiable assets and liabilities over the cost of investment	-	-	33,229

(b) The bases and accounting policies previously adopted in the preparation of the audited financial statements of the subsidiary companies of CLSB for the FYE 2005 and FYE 2006, i.e. MASB approved accounting standards are consistent with those disclosed in the respective audited financial statements for the FYE 2007.

(c) The gross profit margin is computed by dividing the gross profit by revenue earned in the respective financial years.

(d) The net profit margin is computed by dividing the PAT by revenue earned in the respective financial years.

(e) The proforma gross EPS is computed by dividing the PBT by the number of ordinary shares in issue of 108,000,000 Shares prior to the Public Issue.

(f) The proforma net EPS is computed by dividing the PAT by the number of ordinary shares in issue of 108,000,000 Shares prior to the Public Issue.

(g) All significant inter-company transactions are eliminated on consolidation and the consolidated results reflect external transactions only.

(h) There were no exceptional or extraordinary items throughout the financial years under review.

10.2 PROFORMA CONSOLIDATED CASH FLOW STATEMENT

The proforma consolidated cash flow statement for the FYE 2007 as set out below is prepared on the assumption that we have been in existence throughout the financial year under review. The proforma consolidated cash flow statement is prepared for illustrative purpose only and should be read in conjunction with the accompanying notes and assumptions set out in Section 10.4 of this Prospectus.

	FYE 2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
PBT	15,593
Adjustments for:	
Depreciation of property, plant and equipment	1,720
Interest expenses	509
Interest income	(113)
Allowance for impairment of trade receivables	86
Bad debts written off	92
Unrealised loss on foreign exchange	124
Gain on disposal of property, plant and equipment	(80)
Operating profit before working capital changes	17,931
Increase in inventories	(1,849)
Increase in receivables	(27,781)
Increase in payables	24,597
Cash generated from operations	12,898
Tax paid	(929)
Net cash from operating activities	11,969
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(8,448)
Interest received	113
Proceeds from disposal of property, plant and equipment	92
Net cash used in investing activities	(8,243)
CASH FLOWS FROM FINANCING ACTIVITIES	
Dividend paid to former shareholders	(6,470)
Repayment of hire-purchase creditors	(144)
Interest paid	(509)
Drawdown of bank borrowings	6,000
Net drawdown of bankers' acceptances	465
Net cash used in financing activities	(658)

10. FINANCIAL INFORMATION

	FYE 2007 RM'000
Net increase in cash and cash equivalents	3,068
Cash and cash equivalents at beginning of financial year	4,401
Cash and cash equivalents at end of financial year	7,469
Cash and cash equivalents at end of the financial year comprise:	
Fixed deposits with licensed banks	6,215
Cash and bank balances	2,826
Bank overdraft	(72)
	8,969
Less: Fixed deposits pledged to licensed banks	(1,500)
	7,469

Notes to the proforma consolidated cash flow statement

(a) The proforma consolidated cash flow statement of the CLSB Group for the FYE 2007 has been prepared for illustrative purposes only and are based on the audited financial statements of CLSB and its subsidiary companies assuming that the CLSB Group had been in existence throughout the financial year under review.

(b) All significant inter-company transactions are eliminated on consolidation and the consolidated results reflect external transactions only.

The rest of this page is intentionally left blank

10.3 PROFORMA CONSOLIDATED BALANCE SHEETS / STATEMENT OF ASSETS AND LIABILITIES

The proforma consolidated balance sheets / statement of assets and liabilities as at 31 March 2007 set out below are prepared to show the effects of the Listing Scheme on the assumption that we have been in existence throughout the financial year under review. The proforma consolidated balance sheets / statement of assets and liabilities are prepared for illustrative purpose only and should be read in conjunction with the accompanying notes and assumptions set out in the ensuing pages and in Section 10.4 of this Prospectus.

	Audited	< ---------------- Proforma ---------------- >		
		I	II	III
	As at 31 March 2007 RM'000	After Bonus Issue RM'000	After Proforma I and Share Split RM'000	After Proforma II, IPO and Listing RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	46,817	46,817	46,817	59,317
Current assets				
Inventories	2,890	2,890	2,890	2,890
Trade receivables	29,326	29,326	29,326	29,326
Other receivables, deposits and prepayments	2,401	2,401	2,401	1,639
Tax recoverable	8	8	8	8
Fixed deposits with licensed banks	6,215	6,215	6,215	6,215
Cash and bank balances	2,826	2,826	2,826	1,088
	43,666	43,666	43,666	41,166
TOTAL ASSETS	90,483	90,483	90,483	100,483
EQUITY AND LIABILITIES				
Share capital	27,983	54,000	54,000	60,000
Share premium	324	-	-	4,000
Retained profits	41,497	15,804	15,804	15,804
TOTAL EQUITY	69,804	69,804	69,804	79,804
Non-current and deferred liabilities				
Term loans (secured)	5,727	5,727	5,727	5,727
Deferred tax liabilities	143	143	143	143
	5,870	5,870	5,870	5,870
Current liabilities				
Trade payables	8,815	8,815	8,815	8,815
Other payables and accruals	810	810	810	810
Amounts owing to Directors	206	206	206	206
Borrowings (secured)	4,353	4,353	4,353	4,353
Tax liabilities	625	625	625	625
	14,809	14,809	14,809	14,809
TOTAL LIABILITIES	20,679	20,679	20,679	20,679
TOTAL EQUITY AND LIABILITIES	90,483	90,483	90,483	100,483

10. FINANCIAL INFORMATION

	Audited	< ----------------	Proforma	---------------- >
		I	II	III
	As at 31 March 2007 RM'000	After Bonus Issue RM'000	After Proforma I and Share Split RM'000	After Proforma II, IPO and Listing RM'000
NTA	69,804	69,804	69,804	79,804
NTA per ordinary share of RM1.00 each (RM)	2.49	1.29	n/r	n/r
NTA per ordinary share of RM0.50 each (RM)	n/r	n/r	0.65	0.67

Note:
n/r Represents not relevant.

Notes to the Proforma consolidated balance sheets as at 31 March 2007

(a) Basis of preparation

The proforma consolidated balance sheets of CLSB Group, for which the Directors are solely responsible, are for illustrative purposes only and have been prepared based on:

- the audited balance sheets of CLSB as at 31 March 2007;
- the audited balance sheets of the subsidiary companies as at 31 March 2007; and
- the accounting principles and bases consistent with those previously adopted in the preparation of the audited financial statements for the FYE 2007,

to show the effects of the following events on the assumption that they have been completed on 31 March 2007.

(b) Proforma I

The proforma I is stated after the incorporation of a bonus issue of 26,017,353 new ordinary shares of RM1.00 each in CLSB to the existing shareholders of CLSB on the basis of approximately 92.97 new ordinary shares of RM1.00 each in CLSB for every one hundred (100) existing ordinary shares of RM1.00 each held in CLSB by way of capitalising the retained profits and share premium of CLSB.

(c) Proforma II

The proforma II is stated after Proforma I and after the incorporation of a share split which involved the subdivision of every one (1) existing ordinary share of RM1.00 each in CLSB into two (2) ordinary shares of RM0.50 each, resulting in our issued and paid-up share capital of RM54,000,000 comprising 54,000,000 ordinary shares of RM1.00 each being subdivided into 108,000,000 ordinary shares of RM0.50 each.

(d) Proforma III

The proforma III is stated after Proforma II and after the incorporation of the following events:-

(i) Public Issue

Public issue of 12,000,000 new Shares at an issue price of RM1.00 per share comprising:-

- 3,000,000 new Shares by way of private placement to the identified investors;
- 3,000,000 new Shares available for application by our eligible directors and employees and persons who have contributed to our success; and
- 6,000,000 new Shares available for application by the Malaysian Public.

The gross proceeds from the Public Issue are intended to be utilised as follows:

	RM'000
Part finance/refinance the acquisition of an additional vessel^	5,000
Working capital	5,000
Estimated listing expenses*	2,000
	12,000

Notes:-

^ *The cost of such vessel is estimated to be approximately RM12.5 million of which the balance is financed by internal generated funds and/or bank borrowings.*

* *The listing expenses of approximately RM2.0 million are netted off against the share premium arising from the Public Issue.*

(ii) Offer for Sale

Offer for sale of 30,668,000 Shares by way of private placement to Bumiputera investors approved by the MITI, at an offer price of RM1.00 per Share.

(iii) Listing

Listing of and quotation for the enlarged issued and paid-up share capital of CLSB of RM60,000,000 comprising 120,000,000 Shares on the Main Board of Bursa Securities.

(e) Share capital and reserves

The movements in the share capital and reserves of the CLSB Group are as follows:

		< -------- **Reserves** ---------- >		
	Share capital RM'000	**Share premium RM'000**	**Retained profits RM'000**	**Total RM'000**
As at 31 March 2007	27,983	324	41,497	69,804
Bonus Issue	26,017	(324)	(25,693)	-
Proforma I	54,000	-	15,804	69,804
Share Split	-	-	-	-
Proforma II	54,000	-	15,804	69,804
Public Issue	6,000	6,000	-	12,000
Estimated listing expenses	-	(2,000)	-	(2,000)
Proforma III	60,000	4,000	15,804	79,804

10. FINANCIAL INFORMATION

10.4 REPORTING ACCOUNTANTS' LETTER ON PROFORMA CONSOLIDATED FINANCIAL INFORMATION

(Prepared for inclusion in this Prospectus)

BDO

BDO Binder (AF 0206)
Chartered Accountants

12th Floor Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur Malaysia
Telephone : (603) 2616 2888
Telefax : (603) 2616 3190, 2616 3191
Website : www.bdobinder.com

Our Ref : BDOB/JC/THS

19 July 2007

The Board of Directors
Complete Logistic Services Berhad
(Formerly known as Complete Logistic Services Sdn. Bhd.
and prior to that known as Spectral Logistics Sdn. Bhd.)
No. 25 Jalan Berangan
42000 Port Klang
Selangor Darul Ehsan

Dear Sirs

COMPLETE LOGISTIC SERVICES BERHAD ("CLSB")
(FORMERLY KNOWN AS COMPLETE LOGISTIC SERVICES SDN. BHD. AND PRIOR TO THAT KNOWN AS SPECTRAL LOGISTICS SDN. BHD.)
PROFORMA CONSOLIDATED FINANCIAL INFORMATION

We have reviewed the presentation of the proforma consolidated financial information of CLSB and its subsidiary companies ("CLSB Group") together with the notes thereon as set out in the accompanying statement (which we have stamped for the purpose of identification). The proforma consolidated financial information for which the Directors of CLSB are solely responsible have been prepared for illustrative purposes only, for the inclusion in the Prospectus to be dated 14 August 2007 in conjunction with the following:

(a) Public issue of 12,000,000 new ordinary shares of RM0.50 each comprising:

- 3,000,000 new ordinary shares of RM0.50 each by way of private placement to the identified investors;
- 3,000,000 new ordinary shares of RM0.50 each available for application by our eligible directors and employees and persons who have contributed to the success of CLSB Group; and
- 6,000,000 new ordinary shares of RM0.50 each available for application by the Malaysian Public;

and

(b) Offer for sale of 30,668,000 ordinary shares of RM0.50 each by way of private placement to Bumiputera investors approved by the Ministry of International Trade and Industry,

at an issue/offer price of RM1.00 per ordinary share payable in full on application in conjunction with the listing of CLSB on the Main Board of Bursa Malaysia Securities Berhad.

Complete Logistic Services Berhad
(Formerly known as Complete Logistic Services Sdn. Bhd. and prior to that known as Spectral Logistics Sdn. Bhd.)
Proforma Consolidated Financial Information
Page 2

BDO

It is the responsibility solely of the Directors to prepare the proforma consolidated financial information in accordance with the requirements of the Prospectus Guidelines in respect of Public Offerings issued by the Securities Commission ("Prospectus Guidelines").

It is our responsibility to form an opinion as required by the Prospectus Guidelines on the proforma consolidated financial information and our report is given to you solely for this, and no other, purpose.

Our work, which involved no independent examination of any of the underlying financial information consisted primarily of comparing the unadjusted financial information with the audited financial statements, considering the evidence supporting the adjustments and discussing the proforma consolidated financial information with the Directors of CLSB Group.

As the proforma consolidated financial information has been prepared for illustrative purposes only, such information may not, because of its nature, give a true picture of the actual financial position and results of CLSB Group. Further, such information does not purport to predict the future financial position and results of CLSB Group.

In our opinion:

(i) the proforma consolidated financial information of CLSB Group which are prepared for illustrative purposes only, have been properly compiled on the basis set out in the notes thereto, and such bases are consistent with the accounting policies adopted by and disclosed in the audited financial statements of CLSB Group for the financial year ended 31 March 2007;

(ii) the financial statements used in the preparation of the proforma consolidated financial information have been prepared in accordance with applicable approved accounting standards in Malaysia; and

(iii) each material adjustment made to the proforma consolidated financial information is appropriate for the purposes of the preparation of the proforma consolidated financial information.

Yours faithfully

Bdo Binder

BDO Binder
AF: 0206
Chartered Accountants

James Chan Kuan Chee
2271/10/07 (J)
Partner

10. FINANCIAL INFORMATION

**COMPLETE LOGISTIC SERVICES BERHAD ("CLSB")
(FORMERLY KNOWN AS COMPLETE LOGISTIC SERVICES SDN. BHD. AND PRIOR TO THAT KNOWN AS SPECTRAL LOGISTICS SDN. BHD.)
PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE FINANCIAL YEARS ENDED 31 MARCH 2005 TO 2007**

BASIS OF PREPARATION

The proforma consolidated financial information of CLSB and its subsidiary companies ("CLSB Group"), for which the Directors of CLSB are solely responsible, has been prepared for illustrative purposes only to show the results of CLSB Group had CLSB Group been in existence for the financial years ended 31 March 2005 to 2007:

The wholly-owned subsidiary companies of CLSB are:

1. Bagai Pertama Sdn. Bhd. ("Bagai Pertama")
2. Complete Container Services Sdn. Bhd. ("Complete Container")
3. Complete Logistic Specialists Sdn. Bhd. ("Complete Logistic")
4. Complete Marine Services Sdn. Bhd. ("Complete Marine")
5. Complete Shipping Sdn. Bhd. ("Complete Shipping")
6. Complete Tug & Barge Sdn. Bhd. ("Complete Tug & Barge")
7. Complete Transport Services Sdn. Bhd. ("Complete Transport")
8. Dolphin Shipping Agency Sdn. Bhd. ("Dolphin Shipping")
9. Island Network Sdn. Bhd. ("Island Network")
10. Island Network Shipbuilders Sdn. Bhd. ("Island Network Shipbuilders")
11. Malsuria Logistics Sdn. Bhd. ("Malsuria Logistics")
12. Malsuria (M) Sdn. Bhd. ("Malsuria (M)")
13. Malsuria Tanker Services Sdn. Bhd. ("Malsuria Tanker")
14. Sierra Jaya Sdn. Bhd. ("Sierra Jaya")

The proforma consolidated financial information is based on:

- audited financial statements of CLSB for the financial period from 29 November 2005 (date of incorporation) to 31 March 2006 and the audited financial statements of CLSB and CLSB Group for the financial year ended 31 March 2007.
- audited financial statements of the subsidiary companies of CLSB for the financial years ended 31 March 2005 to 2007

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

The audited financial statements of CLSB and its subsidiary companies for the financial year ended 31 March 2007 have been prepared in accordance with applicable approved Financial Reporting Standards in Malaysia ("FRSs") which are mandatory to CLSB and the subsidiary companies for annual periods beginning on or after 1 January 2006. Prior to that, the financial statements of CLSB and all its subsidiary companies were prepared under the MASB approved accounting standards. The adoption of the new relevant FRSs for the financial year ended 31 March 2007 has no material impact on the financial statements of CLSB and its subsidiary companies as the existing accounting policies (MASB approved accounting standards) are consistent with the requirements under these new accounting standards.

PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE FINANCIAL YEARS ENDED 31 MARCH 2005 TO 2007 (Cont')

BASIS OF PREPARATION (Cont')

During the financial year ended 31 March 2007, CLSB and its subsidiary companies have also early adopted FRS 139 Financial Instruments: Recognition and Measurement during the financial year ended 31 March 2007. As required under this standard, retrospective application is not permitted for the first time adoption of this standard. Accordingly, the comparative figures of the financial statements of CLSB and its subsidiary companies for prior years have not been restated in this Report.

The proforma consolidated financial information comprises the following:

Section A: Proforma consolidated income statements for the financial years ended 31 March 2005 to 2007

Section B: Proforma consolidated balance sheets as at 31 March 2007

Section C: Proforma consolidated cash flow statement for the financial year ended 31 March 2007

Section D: Proforma consolidated statement of assets and liabilities as at 31 March 2007

[The rest of this page is intentionally left blank]

10. FINANCIAL INFORMATION

(A) PROFORMA CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2005 TO 2007

The proforma consolidated income statements of CLSB Group for the financial years ended 31 March 2005 to 2007, for which the Directors are solely responsible, have been prepared for illustrative purposes only as set out below:

	<------Financial years ended 31 March------>		
	2005 RM'000	2006 RM'000	2007 RM'000
Revenue	96,553	91,482	105,496
Gross profit	16,830	17,446	19,627
Profit before interest, depreciation and tax	15,492	15,025	17,822
Depreciation	(1,269)	(1,369)	(1,720)
Interest expenses	(93)	(263)	(509)
Profit before tax	14,130	13,393	15,593
Tax expense	(781)	(877)	(1,267)
Profit after tax	13,349	12,516	14,326
Number of ordinary shares in issue immediately prior to the Public Issue ('000)	108,000	108,000	108,000
Gross profit margin (%)	17.4	19.1	18.6
Profit before tax margin (%)	14.6	14.6	14.8
Profit after tax margin (%)	13.8	13.7	13.6
Effective tax rate (%)	5.5	6.6	8.1
Gross earnings per share (sen)	13.1	12.4	14.4
Net earnings per share (sen)	12.4	11.6	13.3
Gross dividend rate (%)	-	-	-

For the financial years under review, there are:

(i) *No diluted earnings per share as there were no potential dilutive shares in issued during the financial years under review.*

(ii) *No minority interests.*

(iii) *No amortisation charges and share of profits of joint ventures.*

Stamped for the purpose of identification only.
19 JUL 2007
BDO Binder (AF0206)
Chartered Accountants
Kuala Lumpur

(A) PROFORMA CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2005 TO 2007 (Cont')

Notes to the proforma consolidated income statements

(a) The proforma consolidated income statements of CLSB Group for the financial years ended 31 March 2005 to 2007 have been prepared for illustrative purposes only and are based on the audited financial statements of CLSB and its subsidiary companies after making the following adjustments considered necessary assuming that CLSB Group had been in existence throughout the financial years under review. In addition, adjustment is also made to achieve uniform accounting policies to be consistent with CLSB Group. The adjustments made are as follows:

	Financial years ended 31 March		
	2005	2006	2007
	RM'000	RM'000	RM'000
Aggregate proforma profit after tax based on audited financial statements	12,772	11,804	47,184
Less: Proforma adjustments:			
(i) Overstatement of yearly depreciation on vessels:			
- based on fair values at acquisition date and taking into account estimated amount of net realisable value	(860)	(860)	-
- as stated in the audited financial statements	1,494	1,757	-
	634	897	-
(ii) Consolidation adjustments:			
- share of net profit in an associated company eliminated	(57)	(185)	-
- loss on novation of investment in subsidiary companies eliminated	-	-	371
- excess of the group's interest in the net fair value of subsidiary companies' identifiable assets and liabilities over the cost of investment eliminated	-	-	(33,229)
Proforma consolidated profit after tax	13,349	12,516	14,326

Stamped for the purpose of identification only.
19 JUL 2007
BDO Binder (AF0206)
Chartered Accountants
Kuala Lumpur

10. FINANCIAL INFORMATION

(A) PROFORMA CONSOLIDATED INCOME STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH 2005 TO 2007 (Cont')

Notes to the proforma consolidated income statements (Cont')

(b) The gross profit margin is computed by dividing the gross profit by revenue earned in the respective financial years.

(c) The net profit margin is computed by dividing the profit after tax by revenue earned in the respective financial years.

(d) The proforma gross earnings per share is computed by dividing the profit before tax by the number of ordinary shares in issue of 108,000,000 shares prior to the Public Issue.

(e) The proforma net earnings per share is computed by dividing the profit after tax by the number of ordinary shares in issue of 108,000,000 shares prior to the Public Issue.

(f) All significant inter-company transactions are eliminated on consolidation and the consolidated results reflect external transactions only.

(g) There were no exceptional or extraordinary items throughout the financial years under review.

[The rest of this page is intentionally left blank]

10. FINANCIAL INFORMATION

(B) PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2007

The proforma consolidated balance sheets of CLSB Group as at 31 March 2007, for which the Directors are solely responsible, have been prepared for illustrative purposes only, and on the basis as set out below:

	Audited	<------	Proforma	------>
		I	II	III
	As at 31 March 2007 RM'000	After Bonus Issue RM'000	After I and Share Split RM'000	After II, IPO and Listing RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	46,817	46,817	46,817	59,317
Current assets				
Inventories	2,890	2,890	2,890	2,890
Trade receivables	29,326	29,326	29,326	29,326
Other receivables, deposits and prepayments	2,401	2,401	2,401	1,639
Tax recoverable	8	8	8	8
Fixed deposits with licensed banks	6,215	6,215	6,215	6,215
Cash and bank balances	2,826	2,826	2,826	1,088
	43,666	43,666	43,666	41,166
TOTAL ASSETS	90,483	90,483	90,483	100,483
EQUITY AND LIABILITIES				
Share capital	27,983	54,000	54,000	60,000
Share premium	324	-	-	4,000
Retained profits	41,497	15,804	15,804	15,804
TOTAL EQUITY	69,804	69,804	69,804	79,804
Non-current and deferred liabilities				
Term loans (secured)	5,727	5,727	5,727	5,727
Deferred tax liabilities	143	143	143	143
	5,870	5,870	5,870	5,870
Current liabilities				
Trade payables	8,815	8,815	8,815	8,815
Other payables and accruals	810	810	810	810
Amounts owing to Directors	206	206	206	206
Borrowings (secured)	4,353	4,353	4,353	4,353
Tax liabilities	625	625	625	625
	14,809	14,809	14,809	14,809
TOTAL LIABILITIES	20,679	20,679	20,679	20,679
TOTAL EQUITY AND LIABILITIES	90,483	90,483	90,483	100,483
Net tangible assets	69,804	69,804	69,804	79,804
Net tangible assets per ordinary share of RM1.00 each (RM)	2.49	1.29	n/r	n/r
Net tangible assets per ordinary share of RM0.50 each (RM)	n/r	n/r	0.65	0.67

Note:

n/r Represents not relevant.

Stamped for the purpose of identification only.
19 JUL 2007
BDO Binder (AF0206)
Chartered Accountants
Kuala Lumpur

(B) PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2007 (Cont')

Notes to the Proforma consolidated balance sheets as at 31 March 2007

(a) Basis of preparation

The proforma consolidated balance sheets of CLSB Group, for which the Directors are solely responsible, are for illustrative purposes only and have been prepared based on:

- the audited balance sheet of CLSB as at 31 March 2007;
- the audited balance sheet of the subsidiary companies as at 31 March 2007; and
- the accounting principles and bases consistent with those previously adopted in the preparation of the audited financial statements for the financial year ended 31 March 2007,

to show the effects of the following events on the assumption that they have been completed on 31 March 2007.

(b) Proforma I

The proforma I is stated after the incorporation of a bonus issue of 26,017,353 new ordinary shares of RM1.00 each in CLSB to the existing shareholders of CLSB on the basis of approximately 92.97 new ordinary shares of RM1.00 each in CLSB for every one hundred (100) existing ordinary shares of RM1.00 each held in CLSB by way of capitalising the retained profits and share premium of CLSB.

(c) Proforma II

The proforma II is stated after Proforma I and after the incorporation of a share split which involved the subdivision of every one (1) existing ordinary shares of RM1.00 each in CLSB into two (2) ordinary shares of RM0.50 each, resulting in the issued and paid-up share capital of RM54,000,000 comprising 54,000,000 ordinary shares of RM1.00 each in CLSB being subdivided into 108,000,000 ordinary shares of RM0.50 each in CLSB.

(d) Proforma III

The proforma III is stated after Proforma II and after the incorporation of the following transactions:

(i) Public Issue

Public issue of 12,000,000 new CLSB Shares at an issue price of RM1.00 per share comprising:

- 3,000,000 new CLSB Shares by way of private placement to the identified investors;
- 3,000,000 new CLSB Shares available for application by our eligible directors and employees and persons who have contributed to the success of CLSB Group; and
- 6,000,000 new CLSB Shares available for application by the Malaysian Public;

(B) PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2007 (Cont')

(d) Proforma III (Cont')

(i) Public Issue (Cont')

The gross proceeds from the Public Issue are intended to be utilised as follows:

	RM'000
Part finance the acquisition of an additional vessel^	5,000
Working capital	5,000
Estimated listing expenses*	2,000
	12,000

Notes:

^ *The cost of such vessel is estimated to be approximately RM12.5 million of which the balance is financed by internal generated funds/bank borrowings.*

* *The listing expenses of approximately RM2.0 million are netted off against the share premium arising from the Public Issue.*

(ii) Offer for Sale

Offer for sale of 30,668,000 CLSB Shares by way of private placement to Bumiputera investors approved by the Ministry of International Trade and Industry, at an offer price of RM1.00 per share.

(Public Issue and Offer for Sale are collectively referred to as Initial Public Offering "IPO").

(iii) Listing

Listing of and quotation for the enlarged issued and paid-up share capital of CLSB of RM60,000,000 comprising 120,000,000 ordinary shares of RM0.50 each on the Main Board of Bursa Malaysia Securities Berhad.

(e) Share capital and reserves

The movements in the share capital and reserves of CLSB Group are as follows:

		< ---------- Reserves ---------- >		
	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Total RM'000
As at 31 March 2007	27,983	324	41,497	69,804
Bonus Issue	26,017	(324)	(25,693)	-
Proforma I	54,000	-	15,804	69,804
Share Split	-	-	-	-
Proforma II	54,000	-	15,804	69,804
Public Issue	6,000	6,000	-	12,000
Estimated listing expenses	-	(2,000)	-	(2,000)
Proforma III	60,000	4,000	15,804	79,804

Stamped for the purpose of identification only.
19 JUL 2007
BDO Binder (AF0206)
Chartered Accountants
Kuala Lumpur

(C) PROFORMA CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007

The proforma consolidated cash flow statement of CLSB Group for the financial year ended 31 March 2007, for which the Directors are solely responsible, has been prepared for illustrative purposes only and on the basis as set out below:

	Financial year ended 31.3.2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before tax	15,593
Adjustments for:	
Allowance for impairment of trade receivables	86
Bad debts written off	92
Depreciation of property, plant and equipment	1,720
Gain on disposal of property, plant and equipment	(80)
Interest expenses	509
Interest income	(113)
Unrealised loss on foreign exchange	124
Operating profit before working capital changes	17,931
Increase in inventories	(1,849)
Increase in receivables	(27,781)
Increase in payables	24,597
Cash generated from operations	12,898
Tax paid	(929)
Net cash from operating activities	11,969
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(8,448)
Interest received	113
Proceeds from disposal of property, plant and equipment	92
Net cash used in investing activities	(8,243)
CASH FLOWS FROM FINANCING ACTIVITIES	
Dividend paid to former shareholders	(6,470)
Repayment of hire-purchase creditors	(144)
Interest paid	(509)
Drawdown of bank borrowings	6,000
Net drawdown of bankers' acceptances	465
Net cash used in financing activities	(658)

(C) PROFORMA CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007 (Cont')

	Financial year ended 31.3.2007 RM'000
Net increase in cash and cash equivalents	3,068
Cash and cash equivalents at beginning of financial year	4,401
Cash and cash equivalents at end of financial year	7,469
Cash and cash equivalents at end of the financial year comprise:	
Fixed deposits with licensed banks	6,215
Cash and bank balances	2,826
Bank overdraft	(72)
	8,969
Less: Fixed deposits pledged to licensed banks	(1,500)
	7,469

Notes to the proforma consolidated cash flow statement

(a) The proforma consolidated cash flow statement of CLSB Group for the financial year ended 31 March 2007 has been prepared for illustrative purposes only and are based on the audited financial statements of CLSB and its subsidiary companies assuming that CLSB Group had been in existence throughout the financial year under review.

(b) All significant inter-company transactions are eliminated on consolidation and the consolidated results reflect external transactions only.

[The rest of this page is intentionally left blank]

(D) PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2007

The proforma consolidated statement of assets and liabilities of CLSB Group as at 31 March 2007 for which the Directors are solely responsible, has been prepared for illustrative purposes only and is based on the audited financial statements of the CLSB and its subsidiary companies after making such adjustments considered necessary assuming the Bonus Issue, Share Split, IPO and Listing have been completed on 31 March 2007. The proforma consolidated statement of assets and liabilities should be read in conjunction with the notes thereon:

	Note	As at 31.3.2007 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2	59,317
Current assets		
Inventories	3	2,890
Trade receivables	4	29,326
Other receivables, deposits and prepayments	5	1,639
Tax recoverable		8
Fixed deposits with licensed banks	6	6,215
Cash and bank balances		1,088
		41,166
TOTAL ASSETS		100,483
EQUITY AND LIABILITIES		
Share capital	7	60,000
Share premium		4,000
Retained profit	8	15,804
TOTAL EQUITY		79,804
Non-current and deferred liabilities		
Term loans (secured)	9	5,727
Deferred tax liabilities	10	143
		5,870
Current liabilities		
Trade payables	11	8,815
Other payables and accruals	12	810
Amounts owing to Directors	13	206
Borrowings (secured)	14	4,353
Tax liabilities		625
		14,809
TOTAL LIABILITIES		20,679
TOTAL EQUITY AND LIABILITIES		100,483

(D) PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2007 (Cont')

Notes to the proforma consolidated statement of assets and liabilities

Note 1: Significant Accounting Policies

(a) *Basic of accounting*

The audited consolidated financial statements have been prepared under the historical cost convention unless otherwise indicated in the significant accounting policies.

The preparation of financial statements in conformity with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In addition, the Directors are also required to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

(b) *Basic of consolidation*

The consolidated financial statements incorporate the financial statements of CLSB and all its subsidiary companies made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, the cost of business combination is measured as the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets, liabilities and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(i) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and

(ii) recognise immediately in profit or loss any excess remaining after that reassessment.

Subsidiary companies are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date in which the Group ceases to control the subsidiary companies.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

(D) PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2007 (Cont')

Notes to the proforma consolidated statement of assets and liabilities (Cont')

(c) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred. Cost also comprises the initial estimate of dismantling and removing the item and restoring the site on which it is located for which the Group is obligated to incur when the item is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and which have different useful lives, are depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and rates are as follows:

Containers	10%
Office equipment	10% - 20%
Motor vehicles	20%
Plant and machinery	10%
Tug boat and barge	50 years
Vessels	50 years
Vessel equipment	10%

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable.

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds and the carrying amount is included in profit or loss.

(D) PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2007 (Cont')

Notes to the proforma consolidated statement of assets and liabilities (Cont')

(d) *Inventories*

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. The cost of trading goods comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(e) *Impairment of non-financial assets*

The carrying amount of assets, except for financial assets and inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit (CGU) to which the asset belongs. The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised immediately in the profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU.

An impairment loss is reversed if and only if there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in the income statement.

(f) *Financial instruments*

Financial instruments recognised on the balance sheets

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

(D) PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2007 (Cont')

Notes to the proforma consolidated statement of assets and liabilities (Cont')

(f) Financial instruments (Cont')

Financial instruments are classified as financial assets, financial liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distribution to holders of an equity instrument is debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

- Classification

  The Group classifies its financial assets in the following categories: held-to-maturity investments, financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

  - Held-to-maturity investments

    Held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are carried at amortised cost.

    During the year, the Group did not hold any investments in this category.

  - Financial assets at fair value through profit or loss

    Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

    Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

    During the year, the Group did not hold any financial assets in this category.

(D) PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2007 (Cont')

Notes to the proforma consolidated statement of assets and liabilities (Cont')

(f) Financial instruments (Cont')

- Classification (Cont')

  - Loans and receivables

    Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets as trade and other receivables, except those maturing greater than 12 months after the balance sheet date which are stated at fair value, subsequently measured at amortised cost. These are classified as non-current assets.

  - Available-for-sale financial assets

    Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months after the balance sheet date. Unrealised gains and losses arising from changes in fair value of the investment are recognised directly in the fair value reserve within equity. Realised gains and losses arising from changes in fair value are included in the income statements.

    The Company accounts for its investments in subsidiary companies at fair value and designated it under this category. The investments in subsidiary companies has been eliminated on consolidation.

- Recognition and derecognition

  Purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

- Initial measurement

  Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

(D) PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2007 (Cont')

Notes to the proforma consolidated statement of assets and liabilities (Cont')

(f) Financial instruments (Cont')

- Subsequent measurement

  Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

  Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' investment category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in the fair value reserve within equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in the fair value reserve within equity are included in the income statement.

- Determination of fair value

  Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using various techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models refined to reflect the issuer's specific circumstances and others, where appropriate.

- Impairment of financial assets

  The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investment classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from the fair value reserve within equity and recognised in the income statement. Impairment losses recognsied in the income statement on equity investments are not reversed through the income statement, until the equity investments are disposed of.

(D) PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2007 (Cont')

Notes to the proforma consolidated statement of assets and liabilities (Cont')

(f) Financial instruments (Cont')

- Impairment of financial assets (Cont')

  If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's orginal effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognised in the profit or loss.

Financial instruments not recognised on the balance sheets

There were no financial instruments not recognised on the balance sheets.

(g) Financial assets

- Receivables

  Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

(h) Financial liabilities

- Payables

  Liabilities for trade and other payables, including amounts owing to associates and related parties, are recognised at fair value and subsequently measured at amortised cost using the effective interest method.

- Interest bearing loans and borrowings

  All loans and borrowings are recognised initially at fair value of the consideration received, net of directly attributable transaction cost incurred, and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption value is recognised in the income statement over the period of the loans and borrowings using the effective interest method.

(D) PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2007 (Cont')

Notes to the proforma consolidated statement of assets and liabilities (Cont')

(i) *Cash and cash equivalents*

Cash and cash equivalents include cash and bank balances, bank overdraft, deposits and other short term, highly liquid investments which are readily convertible to cash and which are subject to insignificant risk of changes in value.

(j) *Equity instruments*

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to the income statement.

Dividends to shareholders are recognised in equity in the period in which they are declared.

[The rest of this page is intentionally left blank]

(D) PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2007 (Cont')

Notes to the proforma consolidated statement of assets and liabilities (Cont')

Note 2: Property, plant and equipment

Carrying amount	**31.3.2007 RM'000**
Containers	1,669
Office equipment	214
Motor vehicles	536
Plant and machinery	486
Tug boat and barge	1,658
Vessels	54,469
Vessel equipment	285
	59,317

Vessels with carrying amount of RM16,583,182 have been pledged for banking facilities granted to the Group.

Note 3: Inventories

Inventories represent trading goods which are stated at cost.

Note 4: Trade receivables

	31.3.2007 RM'000
Third parties	29,412
Less: Allowance for impairment of trade receivables	(86)
	29,326

(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:

	31.3.2007 RM'000
US Dollar	5,291
Singapore Dollar	121
	5,412

(D) PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2007 (Cont')

Notes to the proforma consolidated statement of assets and liabilities (Cont')

Note 5: Other receivables, deposits and prepayments

	31.3.2007 RM'000
Other receivables	1,616
Deposits	18
Prepayments	5
	1,639

Note 6: Fixed deposits with licensed banks

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

Note 7: Share capital

	31.3.2007		
	Number of shares ('000)	Par value	RM'000
Authorised:			
At 31 March 2007	100,000	1.00	100,000
Share split	100,000	0.50	-
	200,000	0.50	100,000
Issued and fully paid:			
At 31 March 2007	27,983	1.00	27,983
Bonus issue	26,017	1.00	26,017
Balance before share split	54,000	1.00	54,000
Share split	54,000	0.50	-
Balance after share split	108,000	0.50	54,000
Public Issue	12,000	0.50	6,000
	120,000	0.50	60,000

Stamped for the purpose of identification only.
19 JUL 2007
BDO Binder (AF0206)
Chartered Accountants
Kuala Lumpur

(D) PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2007 (Cont')

Notes to the proforma consolidated statement of assets and liabilities (Cont')

Note 8: Retained profits

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.

Note 9: Term loans (secured)

	31.3.2007 RM'000
Term loan I repayable by 60 equal monthly installments of RM89,638 each commencing March 2005	2,650
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	5,100
	7,750
Repayable as follows:	
Current liabilities (Note 14)	2,023
Non-current liabilities	5,727
	7,750

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 date of offer, 5.0% per annum for the 2nd year and thereafter at 1.25% per annum above bank's base lending rate.

(D) PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2007 (Cont')

Notes to the proforma consolidated statement of assets and liabilities (Cont')

Note 10: Deferred tax liabilities

The deferred tax liabilities represent the excess of capital allowances over corresponding depreciation.

Note 11: Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 3 to 4 months.

Note 12: Other payables and accruals

	31.3.2007 RM'000
Other payables	495
Accruals	315
	810

Note 13: Amounts owing to Directors

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

Note 14: Borrowings (secured)

	31.3.2007 RM'000
Current liabilities:	
Bank overdraft	72
Bankers' acceptances	2,258
Term loans (Note 9)	2,023
	4,353

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.

(D) PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 MARCH 2007 (Cont')

Notes to the proforma consolidated statement of assets and liabilities (Cont')

Note 14: Borrowings (secured) (Cont')

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.

(E) PROFORMA NET TANGIBLE ASSETS

Based on the proforma consolidated statement of assets and liabilities of CLSB Group as at 31 March 2007, the proforma net tangible assets per ordinary share of RM0.50 each is as follows:

	31.3.2007
Proforma net tangible assets (RM'000)	79,804
Enlarged issue and fully paid up share capital ('000)	120,000
Proforma net tangible assets per ordinary share of RM0.50 each (RM)	0.67

[The rest of this page is intentionally left blank]

10. FINANCIAL INFORMATION

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 19 JUL 2007

....

LAW HEE LING
DIRECTOR
COMPLETE LOGISTIC SERVICES BERHAD
(FORMERLY KNOWN AS COMPLETE LOGISTIC SERVICES SDN. BHD.
AND PRIOR TO THAT KNOWN AS SPECTRAL LOGISTICS SDN. BHD.)

....

LIM KOK ONN
DIRECTOR
COMPLETE LOGISTIC SERVICES BERHAD
(FORMERLY KNOWN AS COMPLETE LOGISTIC SERVICES SDN. BHD.
AND PRIOR TO THAT KNOWN AS SPECTRAL LOGISTICS SDN. BHD.)

Stamped for the purpose of identification only.
19 JUL 2007
BDO Binder (AF0206)
Chartered Accountants
Kuala Lumpur

10.5 MANAGEMENT'S DISCUSSION ON AND ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

The following management's discussion on and analysis of our past financial performances and results of operations should be read in conjunction with our proforma consolidated financial information and the related notes thereon for the past 3 FYE 2005 to 2007 included in Section 10.1 of this Prospectus. This discussion and analysis contains data derived from the audited financial statements of our Group as well as forward-looking statements that involve risks and uncertainties. Our results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 4 of this Prospectus.

As at the Latest Practicable Date, to the best of our knowledge and belief, our financial conditions and operations have not been and are not expected to be affected by any of the following:-

(a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations other than those disclosed below and in Sections 4.1, 6 and 10.6 of this Prospectus;

(b) material commitment for capital expenditure save as disclosed in Section 10.5.10 of this Prospectus;

(c) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations save as disclosed below and in Section 4.1 of this Prospectus;

(d) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our revenue save for those that had been disclosed in this section; and

(e) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of our future financial performance and position other than those disclosed below and in Section 4.1 of this Prospectus.

10.5.1 Overview of our operations

We are principally involved in providing marine transportation and total logistics services, which account for approximately 56% and 85% of our total revenue and PAT respectively for FYE 2007, while the remaining 44% and 15% of our total revenue and PAT respectively were generated from our general trading business, trading of freight and lorry and trucking services.

Presently, we own and operate a fleet of 11 vessels, comprising 10 marine transportation vessels and 1 set of tug and barge, for our marine transportation and logistics services as well as general trading businesses. These vessels were mainly built in Japan, Germany, Singapore, Korea and Malaysia with certified classifications and age ranging from 11 to 32 years. Our vessels are mainly servicing the island nations in the Southwest Indian Ocean and Southeast Asia regions.

Our logistics operations comprise road transportation services, total logistics services and trading of freights. These services complement and are incidental to our marine transportation services which enable our Group to provide comprehensive logistics services to our customers by integrating both our marine and road transportation services. In this regard, our customers would be able to enjoy a convenient and yet comprehensive logistics services, whereby we could assist and provide all requisite arrangements or transportations to transport their cargo to the final destination safely and timely.

10. FINANCIAL INFORMATION

We consider our general trading business as complementing and incidental to our marine transportation and logistics services. It provides a means to expand our marine transportation services to new growth markets and it allows us to capitalise on general trading as a means to load up free cargo space for our existing shipping routes.

The primary factors which have affected and are expected to continue to affect our revenue and profitability include but not limited to the following:-

(a) Competition ~ Due to the moderate barriers to entry for marine transportation and logistics services industry, competition among the existing players are considerably high. The risk factors and industry overview relating to the competitive environment we are operating in are further discussed in Sections 4.1.2 and 6.3.7 of this Prospectus respectively.

(b) Marketing for cargo space ~ the engagement of experienced shipping agents is crucial in the trading of cargo space so as to ensure, amongst others, an orderly allocation of cargo carried by each vessel to achieve optimal carriage and to ensure the interest of the shipowners are safeguarded at all times. Currently, we have appointed 25 shipping agents in both Malaysia and overseas to market the cargo space of our vessels.

(c) Bunker cost ~ is subject to the fluctuation in crude oil prices. To a certain extent, the financial impact of an increase in bunker costs is not significant as we would be able to pass on the incremental bunker costs correspondingly via bunker surcharge to our customers, except for confirmed fixed freight arrangement that has been entered into prior to the price hike. The risk factor relating to bunker cost is further discussed in Section 4.1.4 of this Prospectus respectively.

(d) Downtime and maintenance cost ~ due to vessels docking for repairs and maintenance. The extent of maintenance cost could vary depending on the age of the vessel, whereby cost tends to increase in tandem with the age of the vessel. In addition, the timing and costs of unexpected repairs due to unanticipated breakdown of our vessels are difficult to predict and may be significant. All our vessels are also subject to intermediate survey every 2 ½ years and special survey every 5 years. Apart from the cost factor, if any repair on our vessel requires lengthy period of time, the loss of revenue could be substantial as the downtime is not recoverable.

(e) Taxation ~ under the Income Tax Act, 1967, our earnings generated from our Malaysian vessels were exempted from taxation, thus, our effective tax rate from our marine transportation services segment was lower than the statutory tax rate of 27% (FYE 2006 : 28%). Our net profit margins for the period under review for marine transportation services segment were approximately 35.5%.

Further discussions of and analysis of our past financial performances and results of operations are set out below.

The rest of this page is intentionally left blank

10.5.2 Segmental analysis

The following is our segmental analysis for the past 3 FYE 2005 to 2007 prepared based on our proforma consolidated results on the assumption that we have been in existence throughout the financial years under review.

(a) **Analysis of revenue by companies**

Companies	**FYE 2005**	**FYE 2006**	**FYE 2007**
	RM'000	**RM'000**	**RM'000**
CLSB	n/a	-	26,250
Bagai Pertama	2,966	1,478	-
Complete Container	4,692	2,442	4,677
Complete Logistic	27,101	24,555	27,145
Complete Marine	2,974	2,372	3,455
Complete Shipping	8,213	7,157	14,997
Complete Transport	1,114	1,079	1,100
Complete Tug & Barge	3,408	3,270	2,583
Dolphin Shipping	8,467	8,983	8,796
Island Network	30,007	27,130	37,200
Island Network Shipbuilders	-	-	-
Malsuria Logistics	4,254	2,537	-
Malsuria (M)	1,856	4,465	4,712
Malsuria Tanker	4,230	9,192	8,702
Sierra Jaya	6,712	6,562	4,857
	105,994	101,222	144,474
Consolidation adjustments	(9,441)	(9,740)	(38,978)
Proforma consolidated	96,553	91,482	105,496

Note:-
n/a not applicable.

(b) **Analysis of revenue by activities**

Activities	**FYE 2005**	**FYE 2006**	**FYE 2007**
	RM'000	**RM'000**	**RM'000**
Marine transportation services	30,704	30,279	31,987
General trading	29,559	27,130	37,200
Total logistics services	26,742	24,545	27,135
Trading of freight	9,069	8,983	8,676
Lorry & trucking services	479	545	498
Investment holdings	-	-	-
Proforma consolidated	96,553	91,482	105,496

10. FINANCIAL INFORMATION

(c) **Analysis of PAT by companies**

Companies	**FYE 2005**	**FYE 2006**	**FYE 2007**
	RM'000	**RM'000**	**RM'000**
CLSB	n/a	(53)	26,225
Bagai Pertama	1,047	(56)	(280)
Complete Container	1,502	282	1,717
Complete Logistic	971	1,154	734
Complete Marine	603	56	980
Complete Shipping	3,638	2,815	4,841
Complete Transport	73	8	196
Complete Tug & Barge	202	320	363
Dolphin Shipping	339	373	324
Island Network	442	546	1,660
Island Network Shipbuilders	(1)	(3)	(1)
Malsuria Logistics	1,326	166	(751)
Malsuria (M)	1,676	5,107	1,353
Malsuria Tanker	827	2,482	2,222
Sierra Jaya	1,870	1,722	1,453
	14,515	14,919	41,036
Consolidation adjustments	(1,166)	(2,403)	(26,710)
Proforma consolidated	13,349	12,516	14,326

Note:-
n/a not applicable.

(d) **Analysis of PAT by activities**

Activities	**FYE 2005**	**FYE 2006**	**FYE 2007**
	RM'000	**RM'000**	**RM'000**
Marine transportation services	11,494	10,492	11,367
General trading	442	546	1,660
Total logistics services	971	1,153	805
Trading of freight	370	373	324
Lorry & trucking services	73	8	196
Investment holdings	(1)	(56)	(26)
Proforma consolidated	13,349	12,516	14,326

10.5.3 FYE 2005 vs FYE 2004

Revenue

Our revenue continued to grow with an increase of 38.7% from RM69.6 million in FYE 2004 to RM96.5 million in FYE 2005, due largely to the improved performance of our following market segments:-

(a) revenue from our marine transportation services segment increased by 47.6% to RM30.7 million (FYE 2004 : RM20.8 million) as most of our vessels recorded strong growths in revenue due to higher shipping activities, in particular:-

- Bagai Pertama recorded over 2 ½ times higher revenue to RM3.0 million (FYE 2004 : RM0.8 million) with full year operations of its vessel, which was acquired during the last quarter of FYE 2004; and

- Complete Shipping which owned Exotic Dolphin, the largest vessel within our Group, almost tripled its revenue to RM8.2 million (FYE 2004 : RM2.8 million) due mainly to the substantially higher marine transportation services rendered to our general trading segment, which soared over 40.0% during the year.

(b) both our total logistics services and general trading segments continued with tremendous growths in revenue by 39.1% to RM26.7 million (FYE 2004 : RM19.2 million) and 40.3% to RM29.6 million (FYE 2004 : RM21.1 million) respectively, due mainly to the handling services rendered by our total logistics services segment to leading fertilisers producers and sales procured by our general trading segment in trading of corn.

Gross Profit

In line with our better performance, we posted a higher gross profit of RM16.8 million (FYE 2004 : RM7.1 million) or a margin of 17.4% (FYE 2004 : 10.2%). Whilst most of our business segments experienced growth in gross profit margins, our marine transportation service segment posted a sturdy performance in FYE 2005 with gross profit margin improved to 41.0% from 20.2% in FYE 2004. The significant increase in gross profit margin for our marine transportation segment was largely attributable to:-

(i) higher utilisation of cargo space of vessels in line with the better performance of our marine transportation services segment;

(ii) higher freights charged by our marine transportation services segment, particularly for the marine transportation services rendered to the island nations in the Southwest Indian Ocean; and

(iii) cost savings by shifting gas oil consumption to fuel oil consumption during FYE 2005 for two of our vessels.

PBT

In line with our significantly higher gross profit, PBT rose by more than 3-fold to RM14.1 million (FYE 2004 : RM4.5 million), whilst PBT margin improved to 14.6% (FYE 2004 : 6.5%). In relative, the increase in operating/administration costs associated with our higher business activities during the year was not significant and hence, did not pose any major impact on our PBT.

PAT

In tandem with the higher revenue and PBT and on the back of a lower effective tax rate of 5.7% (FYE 2004 : 6.7%), PAT surged by more than 3-fold to RM13.3 million (FYE 2004 : RM4.2 million).

10.5.4 FYE 2006 vs FYE 2005

Revenue

Our revenue decreased by 5.2% to RM91.5 million (FYE 2005 : RM96.5 million) largely attributed to the lower contributions from our:-

(a) marine transportation service segment, which registered a 1.3% lower revenue, as some of our vessels operated for less than the full financial year due to docking and maintenance;

(b) total logistics services segment, which recorded a 8.2% lower revenue to RM24.5 million (FYE 2005 : RM26.7 million), due mainly to the decline in handling services rendered for steel products as its demand waned. Revenue for the year was mainly derived from handling services rendered for the transportation of fertilisers; and

(c) general trading segment, which recorded a lower revenue of RM27.1 million (FYE 2005 : RM29.6 million) as a result of lower sales in cement. Tight trading of cement and escalating shipping rates were among several factors contributing to higher prices for cement and hence, lower purchases.

Gross Profit

Despite the decrease in our revenue, gross profit improved marginally to RM17.4 million (FYE 2005 : RM16.8 million) due mainly to better margins achieved by our total logistics services and general trading segments, as follow:-

(a) gross profit of our total logistics services segment improved by 23.8% to RM2.6 million (FYE 2005 : RM2.1 million) or a gross profit margin of 10.6% (FYE 2005 : 7.9%). The better performance was due to lower port charges incurred as the services rendered during the year were mainly via road transportation; and

(b) gross profit and gross profit margin of our general trading segment margin increased to RM1.7 million (FYE 2005 : RM1.0 million) and 6.3% (FYE 2005 : 3.4%) respectively. This was attributable to the better margin in respect of sale of wood-based products due to the increase in the overall selling prices.

PBT

Despite the improved gross profit and gross profit margin, PBT decreased by 5.0% to RM13.4 million (FYE 2005 : RM14.1 million) due to the increase in certain operating expenses, particularly, foreign exchange loss and bad debt written-off.

PAT

In tandem with the lower revenue and PBT, PAT decreased by 6.0% from RM13.3 million in FYE 2005 to RM12.5 million in FYE 2006.

10.5.5 FYE 2007 vs FYE 2006

Revenue

Our revenue improved by 15.3% to RM105.5 million (FYE 2006 : RM91.5 million) largely attributed to the following:-

(a) the revenue of our general trading segment increased by 37.3% to RM37.2 million in line with higher business volume, particularly, the trading of building materials such as cement, wood-based products and steel to the island nations of the Southwest Indian Ocean region;

(b) our total logistics services segment, which recorded a 10.6% higher revenue to RM27.1 million, due mainly to the increase in handling services rendered for the transportation of plant and machinery and fertilisers; and

(c) the revenue of our marine transportation services segment grew by 5.6% to RM32.0 million despite two of our vessels, namely, Celtic Dolphin and Thai Lung, were docked for maintenance during FYE 2007. This was mainly due to the revenue generated by our newly acquired vessel, namely, Alaska Ace, during the 1st quarter of FYE 2007 which was able to cover the loss of income incurred during the docking of our said vessels. Alaska Ace was acquired to meet the higher trading activities of our general trading segment.

Gross Profit

In line with our better performance, we posted a higher gross profit of RM19.6 million (FYE 2006 : RM17.4 million). In general, our gross profit margin for FYE 2007 of 18.6% was very much consistent with that of FYE 2006's 19.0% and hence, the increase in gross profit, in absolute term, was in line with the better performance of our respective market segments.

PBT

In line with our higher gross profit, PBT increased by 16.4% to RM15.6 million (FYE 2006 : RM13.4 million), whilst PBT margin improved to 14.8% (FYE 2006 : 14.6%).

PAT

In tandem with the PBT and on the back of an effective tax rate of 8.3% (FYE 2006 : 6.7%), PAT increased by 14.4% to RM14.3 million (FYE 2006 : RM12.5 million).

10.5.6 Liquidity and capital resources

Our primary sources of funds were mainly derived from the net cash generated internally from our operations as well as through bank or external borrowings. We may raise additional capital/funds through debt or equity offerings in the future to part finance our expansion plans or to meet our financing requirements or should the need arise.

Our Board is of the opinion that, after taking into account our present and forecast cash flows position and the gross proceeds to be raised from the Public Issue, we would have adequate working capital for our business operations for a period of 12 months from the date of this Prospectus.

A summary of our proforma consolidated cash flow statement for FYE 2007 is set out hereunder.

	FYE 2007 RM'000
Net cash from operating activities	11,969
Net cash used in investing activities	(8,243)
Net cash used in financing activities	(658)
Net increase in cash and cash equivalents	3,068
Cash and cash equivalents at beginning of financial year	4,401
Cash and cash equivalents at end of financial year	7,469

Net cash from the operating activities

During the financial year ended 31 March 2007, the net cash generated from the operating activities of our Group were mainly attributable to the collections received from our customers against payments to our suppliers, as well as payment of corporation tax during the year.

Net cash used in the investing activities

The net cash used in our investing activities for the financial year ended 31 March 2007 was substantially utilised for the acquisition of Alaska Ace as well as for the additions of other property, plant and equipment.

Net cash used in the financing activities

During the financial year ended 31 March 2007, the net cash used in the financing activities of our Group were principally due to net drawdown (after repayment) of bank borrowings and dividend paid during the year.

10.5.7 Borrowings

As at the date of the Latest Practicable Date, our total borrowings comprise the following:-

	RM'000
Payable within 12 months	
Term loans	2,082
Bankers' acceptance	2,021
Bank overdraft	112
Payable after 12 months	
Term loans	4,975
Total	9,190
Gearing (times)*	0.13

* *Calculated based on our audited financial statements for FYE 2007.*

As at the date of the Directors' Report, we have not defaulted on payments of either principal sums and/or interest in respect of any borrowing throughout the past FYE 2007 and the subsequent financial period thereof up to the date of the Directors' Report.

10.5.8 Key Financial Ratio

The table below sets out the selected key financial ratios for the FYE 2007 which are derived from our proforma consolidated financial information and on the assumption that our Group has been in existence throughout the financial year under review.

Selected key financial ratios	FYE 2007
Gross profit margin (%)	18.6
PAT margin (%)	13.6
Interest cover (times)	35.0
Trade receivable turnover (days)	101
Trade payable turnover (days)	37

10.5.9 Material Litigation and Contingent Liability

As at the Latest Practicable Date, we are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and we do not know of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our financial position or business.

As at the date of the Directors' Report, there is no contingent liability which, upon becoming enforceable, may have material impact on our financial position or business.

10.5.10 Material Capital Commitments

As at the Latest Practicable Date, there is no material commitment for capital expenditure contracted or known to be contracted by us which may have a material impact on our financial position or business.

10.6 CONSOLIDATED PROFIT FORECAST

Our Directors forecast that the consolidated PAT for FYE 2008 to be as follows:-

	FYE 2008 RM'000
Revenue	111,793
Consolidated PBT	17,027
Less: Taxation	(764)
Consolidated profit attributable to shareholders	16,263
Weighted average number of Shares in issue ('000)	* 115,000
Net EPS	14.1 sen
Net PE Multiple based on the Issue/Offer Price of RM1.00	7.1 times

Note:-

* *The weighted average number of CLSB Shares in issue is computed on the assumption that the IPO will be completed on 31 August 2007.*

The principal bases and assumptions upon which the above consolidated profit forecast have been made are set out in Section 10.7 of this Prospectus (Reporting Accountants' letter on the consolidated profit forecast).

The rest of this page is intentionally left blank

10.7 REPORTING ACCOUNTANTS' LETTER ON CONSOLIDATED PROFIT FORECAST

(Prepared for inclusion in this Prospectus)

BDO

BDO Binder (AF 0206)
Chartered Accountants

12th Floor Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur Malaysia
Telephone : (603) 2616 2888
Telefax : (603) 2616 3190, 2616 3191
Website : www.bdobinder.com

Our Ref : BDOB/JC/THS

19 July 2007

The Board of Directors
Complete Logistic Services Berhad
(Formerly known as Complete Logistic Services Sdn. Bhd.
and prior to that known as Spectral Logistics Sdn. Bhd.)
No. 25 Jalan Berangan
42000 Port Klang
Selangor Darul Ehsan

Dear Sirs

COMPLETE LOGISTIC SERVICES BERHAD ("CLSB")
(FORMERLY KNOWN AS COMPLETE LOGISTIC SERVICES SDN. BHD. AND PRIOR TO THAT KNOWN AS SPECTRAL LOGISTICS SDN. BHD.)
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 MARCH 2008

We have reviewed the consolidated profit forecast of CLSB and its subsidiary companies ("CLSB Group") for the financial year ending 31 March 2008 as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the ISAE 3400, "The Examination of Prospective Financial Information", applicable to the review of forecasts. The consolidated profit forecast has been prepared for the inclusion in the Prospectus to be dated 14 August 2007 in conjunction with the following:

(a) Public issue of 12,000,000 new ordinary shares of RM0.50 each comprising:

- 3,000,000 new ordinary shares of RM0.50 each by way of private placement to the identified investors;
- 3,000,000 new ordinary shares of RM0.50 each available for application by the eligible directors and employees and persons who have contributed to the success of CLSB Group; and
- 6,000,000 new ordinary shares of RM0.50 each available for application by Malaysian Public;

and

(b) Offer for sale of 30,668,000 ordinary shares of RM0.50 each by way of private placement to Bumiputera investors approved by the Ministry of International Trade and Industry,

at an issue/offer price of RM1.00 per ordinary share payable in full on application in conjunction with the listing of CLSB on the Main Board of Bursa Malaysia Securities Berhad.

BDO

Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors of CLSB and is presented on a basis consistent with the accounting policies previously adopted and disclosed in the audited financial statements of CLSB Group for the financial year ended 31 March 2007 and new and revised Financial Reporting Standards issued which are applicable to CLSB Group and will be adopted for its annual financial statements ending 31 March 2008. The Directors are solely responsible for the preparation and presentation of the consolidated profit forecast and the assumptions on which the consolidated profit forecast is based.

Forecasts, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

The consolidated profit forecast of CLSB Group for the financial year ending 31 March 2008 is sensitive to a number of key variables as shown in item 5 to the Specific Assumptions set out in the accompanying statement. The changes in these key variables are not to be indicating of the complete range of variations that may be experienced. These changes in key variables could have material impact on the consolidated profit forecast. Notwithstanding the impact of the variation of these key variables, the consolidated profit forecast is substantially dependent on the achievability of the other Specific Assumptions set out in the accompanying statement.

Subject to the matters stated in the preceding paragraphs:

(i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and

(ii) in our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies previously adopted and disclosed in the audited financial statements of CLSB Group for the financial year ended 31 March 2007 and applicable new and revised Financial Reporting Standards issued which are applicable to CLSB Group and will be adopted for its annual financial statements ending 31 March 2008.

Yours faithfully

Boo Binder

BDO Binder
AF: 0206
Chartered Accountants

James Chan Kuan Chee
2271/10/07 (J)
Partner

COMPLETE LOGISTIC SERVICES BERHAD ("CLSB" OR "THE COMPANY") (FORMERLY KNOWN AS COMPLETE LOGISTIC SERVICES SDN. BHD. AND PRIOR TO THAT KNOWN AS SPECTRAL LOGISTICS SDN. BHD.) CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 MARCH 2008 TOGETHER WITH THE PRINCIPAL ASSUMPTIONS THERETO

The Directors of the Company forecast that, barring any unforeseen circumstances, the consolidated profit forecast of the Company and its subsidiary companies ("CLSB Group") for the financial year ending 31 March 2008 will be as follows:

	2008 RM'000
Revenue	111,793
Consolidated profit before taxation	17,027
Less: Taxation	(764)
Consolidated profit attributable to shareholders	16,263
Weighted average number of ordinary shares in issue ('000) ^	115,000
Basic earnings per share (sen)	14.1
Price per earning multiple based on offer price of RM1.00 (times)	7.1

Note:

^ *computed based on the assumption that the Public Issue is completed in August 2007*

The consolidated profit forecast of CLSB Group for the financial year ending 31 March 2008 has been prepared based on the Directors' assessment of the present economic and operating conditions, and a number of best estimate assumptions regarding future events and actions which, at the date the forecast was approved, the Directors expect to take place. These future events may or may not take place. The principal bases and assumptions and the risk factors which may impact their achievement are set out in the notes to the consolidated profit forecast. The consolidated profit forecast has been prepared on a basis consistent with the accounting polices previously adopted and disclosed in the audited financial statements of CLSB Group for the financial year ended 31 March 2007 and new and revised Financial Reporting Standards issued which are applicable to CLSB Group and will be adopted for its annual financial statements ending 31 March 2008.

A forecast, by its very nature, is subject to uncertainties and unexpected events, many of which are outside the control of CLSB Group and its Directors. Also, events and circumstances often do not occur as anticipated and therefore actual results are likely to differ from the forecast, and the differences may be material.

10. FINANCIAL INFORMATION

The principal bases and assumptions upon which the forecast has been prepared are as follows:

(A) Specific Assumptions

(1) Revenue

(a) The forecasted revenue for the financial year comprises the following:

	2008 RM'000
Marine transportation services (see (b) below)	37,696
General trading (see (c) below)	37,056
Total logistic services	27,145
Trading of freight	8,796
Lorry & trucking services	1,100
	111,793

(b) Revenue from marine transportation services is forecasted based on the following assumptions:

(i) There will be sufficient fleet of vessels to carry out the marine transportation services to achieve the forecasted revenue. The CLSB Group currently own and operate a fleet of 11 vessels, including a set of tug boat and barge.

(ii) There will be no significant changes to the current deployment of the fleet of vessels.

(iii) General cargo vessels – The bases of revenue are forecasted as follows:

	2008
Per vessel:	
Number of voyage per annum	6 – 18
Loading volume per voyage (tonnage)	800 – 5500
Freight charges per tonnage	RM65 – RM221

(iv) General cargo vessels (container fitted) – The bases of revenue are forecasted as follows:

	2008
Number of voyage per annum	18
Loading volume per voyage (TEU)	20 – 40
Freight charges per TEU	RM930 – RM2,340

TEU = Twenty-foot equivalent unit

Stamped for the purpose of identification only.
19 JUL 2007
BDO Binder (AF0206)
Chartered Accountants
Kuala Lumpur

(c) Revenue from general trading is forecasted to be derived from the following sales of goods:

	2008 RM'000
Building materials	17,993
Wood-based materials	8,670
Fertilisers	2,693
Others general cargoes	7,700
	37,056

It is assumed that CLSB Group will secure revenue from general trading as forecasted.

(d) The forecasted revenue will, to a large extent, depend on local and global economy which may affect trade in general or demand for specific goods, and may lead to contraction in maritime transport. External factors that are beyond CLSB Group's control, including but not limited to threat of war, terrorist attacks, SARS, severe weather condition may cause volatility in, and adversely affect, prices and demand for CLSB Group's services and goods and consequently, its operating results.

It is assumed that there will be no significant changes in the current demand and prevailing market conditions in Malaysia and in other markets where CLSB Group is forecast to provide its services and goods, which will adversely affect the operations and performance of CLSB Group. The expected freight and forwarding rates, and selling price of services and goods and the profit margins of CLSB Group's activities will be achieved as forecasted.

(2) <u>Key personnel</u>

The forecasted revenue of CLSB Group will be achieved primarily with the involvement of one of the Directors, namely Mr. Law Hee Ling who has many years of relevant working experience and in-depth knowledge of the business and his ability to retain customers and to secure future sales.

It is assumed that there will be no significant changes in the key management personnel in particular, Mr. Law Hee Ling that will adversely affect the activities and performance of CLSB Group.

(3) Docking program

The docking of vessels will take place according to the following schedule:

	Frequency	Duration of docking
Annual survey	Yearly	7 days
Intermediate survey	Every 2 ½ years	1 - 2 months
Special survey	Every 5 years	1 - 6 months

According to the current known schedule, the vessels which are anticipated to undergo suevey/docking during the financial year ending 31 March 2008, are as follows:

Name of vessel	Type of survey
Exotic Dolphin	Intermediate survey
Thai Ho No.1	Intermediate survey
Heuristic Dolphin	Intermediate survey
Celtic Dolphin	Special survey
Fantastic Dolphin	Special survey
Thai Lung	Special survey

(4) Expenditure

(a) Direct costs will be as forecasted without any material variation.

(b) Major components of the direct costs are expected to be as follows:

	2008 RM'000
Fuel cost for vessels	14,074
Crew salaries and expenses	3,153
Port charges	7,193
Spares, repair and upkeep of vessels (docking of vessels)	2,620
Depreciation of vessels	1,180

(i) Fuel cost for vessels is expected to be at an average of RM1.70 per litre.

(ii) Crew salaries and expenses are estimated based on current salary and other expenses incurred for each of the vessels owned by CLSB Group.

(ii) The bases of port charges are forecasted as follows:

	2008
- general cargo (per revenue ton)	RM15 – RM25
- containerised cargo (per TEU)	RM460

(iv) Docking of vessels will take place as scheduled and the cost incurred and duration will be as forecasted. It is assumed that there will be no major repair and maintenance on the vessels.

(5) Sensitivity analysis

Like any other shipping and logistics providers, the consolidated profit forecast of CLSB Group is sensitive to a number of key variables which amongst others, are average freight and forwarding rates, average selling price of goods, cargo volume, currency exchange rates and fuel costs. Any changes in these key variables could have a material impact on the consolidated profit forecast.

Care should be taken in interpreting the summary of sensitivities set out below. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables to illustrate the likely impact on the consolidated profit forecast. In practice, changes in variables may offset each other or may be additive, and it is likely that CLSB Group's management would respond to any adverse change in one variable by taking action to minimise the net effect on CLSB Group's results.

The sensitivity analysis is as below:

Key variables	Change in variable %	Impact to consolidated profit attributable to shareholders 2008 RM'000
Freight rates	+/- 5	+/- 2,372
Fuel cost for vessels	+/- 5	-/+ 704
Trading volume	+/- 5	+/- 131
Cargo volume of vessels	+/- 5	+/- 1,985
Currency exchange rates	+/- 5	+/- 463

The sensitivity analysis is prepared based on the following basis:

(a) The changes in key variables could be up to +/-5% and/or +/-10% and the impact on consolidated profit forecast would vary proportionately with the percentage change in key variable. The impact of 10% change would be 2 times the impact for a 5% change as shown above;

(b) The changes in key variables as set out above are not intended to be indicative of the complete range of variations that may be experienced;

(c) The cost of services to revenue changed proportionately with changes in cargo volume; and

(d) All other components remain constant/unchanged.

(6) There will be no arrest or requisition and major breakdown of CLSB Group's vessels including a set of tug boat and barge, which will adversely affect the operations and performance of CLSB Group.

10. FINANCIAL INFORMATION

(B) General Assumptions

(1) There will be no significant changes to the prevailing political conditions in Malaysia, or other jurisdictions or other markets, especially those conditions that affect the shipping industry, which will adversely affect the operations or performance of CLSB Group.

(2) There will be no significant changes in the present legislation or government regulations and policies in Malaysia, or in other jurisdiction or other markets, especially legislation or regulations and policies that affect the shipping industry, which will adversely affect the operations or performance of CLSB Group.

(3) There will be no significant fluctuation in the prevailing rate of exchange in US Dollar. The exchange rate is forecasted as follows:

	RM
USD 1	3.40

(4) Inflation rate will not change materially from the current level.

(5) The existing financing facilities will remain available to CLSB Group at the prevailing interest rates.

(6) There will be no significant changes in the existing management policies and operating policies which will adversely affect the activities or performance of CLSB Group.

(7) There will be no material acquisitions or disposals of property, plant and equipment and investments other than as planned.

(8) There will be no exceptional occurrences of bad debts.

(9) There will be no material changes in the existing structure and principal activities of CLSB Group.

(10) The existing terms and conditions for contracts, agreements and licenses entered into/obtained by CLSB Group will remain in force without any major defaults and termination/suspension.

(11) The shipping industry in Malaysia will continue to enjoy tax-exempt status and there will be no material change in the present tax rules and regulations and the basis of taxation applicable to CLSB Group.

10. FINANCIAL INFORMATION

(12) There will be no legal proceedings against CLSB Group which will adversely affect the activities or performance of CLSB Group or give rise to any contingent liabilities which will materially affect its financial position or operations.

(13) The gross proceeds from the public offering, which will be completed in August 2007, will be utilised as follows:

	RM'000
Part finance/refinance the acquisition of an additional vessel	5,000
Working capital	5,000
Estimated listing expenses	2,000
	12,000

(14) The share premium account of the CLSB will be utilised to defray the estimated listing expenses on the public offering of RM2.0 million.

(15) There will be no significant adverse change in the existing market values of CLSB Group's fixed assets, especially the vessels including a set of tug boat and barge.

(16) Existing trading relationship with suppliers will be maintained. There will be no delay in their services that will significantly affect the operations and activities of CLSB Group.

(17) The CLSB Group has not entered into any derivative contract or any hedging relationship with any counterparty in the past. It is assumed that CLSB does not intend to participate in any derivative contract or any hedging relationship during the forecast year.

(18) Dividend to be declared in respect of the financial year ending 31 March 2008, if any, is assumed to be paid subsequent to 31 March 2008.

[The rest of this is intentionally left blank]

10. FINANCIAL INFORMATION

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 1 9 JUL 2007

....

LAW HEE LING
DIRECTOR
COMPLETE LOGISTIC SERVICES BERHAD
(FORMERLY KNOWN AS COMPLETE LOGISTIC SERVICES SDN. BHD.
AND PRIOR TO THAT KNOWN AS SPECTRAL LOGISTICS SDN. BHD.)

....

LIM KOK ONN
DIRECTOR
COMPLETE LOGISTIC SERVICES BERHAD
(FORMERLY KNOWN AS COMPLETE LOGISTIC SERVICES SDN. BHD.
AND PRIOR TO THAT KNOWN AS SPECTRAL LOGISTICS SDN. BHD.)

Stamped for the purpose of identification only.
1 9 JUL 2007
BDO Binder (AF0206)
Chartered Accountants
Kuala Lumpur

10.8 DIRECTORS' COMMENTS ON CONSOLIDATED PROFIT FORECAST

Our Directors have reviewed and analysed the principal bases and assumptions used in arriving at the consolidated profit forecast for FYE 2008 (as set out in Section 10.7 of this Prospectus) and are of the opinion that our consolidated profit forecast is achievable and the bases and assumptions made are fair and reasonable in light of the following:-

(a) outlook and future prospects of the marine transportation industry in which we operate in as set out in Section 6.4 of this Prospectus;

(b) our future plans and prospects as set out in Section 6.5 of this Prospectus; and

(c) after taking into consideration our liquidity and capital resources, working capital requirements and forecast gearing level as set out in Sections 10.5.6 and 10.5.7 of this Prospectus.

For the FYE 2008, our revenue is forecast to increase by approximately 6.0% from RM105.5 million in FYE 2007 to RM111.8 million. The increase will be largely attributable to the anticipated increase in the revenue of our marine transportation services segment, in particular,:-

(i) two of our vessels, namely, Celtic Dolphin and Thai Lung, which were docked for maintenance during FYE 2007 are expected to resume operations in the 2nd half of FYE 2008; and

(ii) Alaska Ace, which was acquired during the 1st quarter of FYE 2007 and only operated for 3 quarters of FYE 2007, is expected to operate for the full FYE 2008. Alaska Ace was acquired to meet the higher trading activities of our general trading segment.

In tandem with the forecast increase in our revenue, in particular, higher contribution from the marine transportation services which generates higher margin, our PAT for FYE 2008 is forecast to increase by 13.3% from RM14.3 million to RM16.3 million.

Nevertheless, we wish to highlight that the abovementioned bases and assumptions used cover future periods for which there are inherent risks, and therefore, should be treated with caution. These bases and assumptions are subject to significant uncertainties and contingencies, which are often outside our control. Hence, certain bases and assumptions used in arriving at the consolidated profit forecast for FYE 2008 may differ significantly from the actual situation and may materially affect the financial information projected.

10.9 SENSITIVITY ANALYSIS

The principal bases and assumptions upon which the sensitivity analysis on our consolidated profit forecast for FYE 2008 have been made are as follows:-

(a) The selected variables will vary ±5% and ±10% from the base case; and

(b) All other components are assumed to remain constant/unchanged.

10. FINANCIAL INFORMATION

The following scenarios attempt to show the impact on our profitability resulting from variations in freight rates, cargo volume of vessels, trading volume, bunker surcharge and foreign exchange rates.

Deviation of 5% and 10% on freight rates

FYE 2008	-10%	-5%	0%	+5%	+10%
	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	12,284	14,656	17,027	19,400	21,771
Percentage change in PBT	(28%)	(14%)	-	14%	28%
PAT	11,520	13,891	16,263	18,635	21,007
Percentage change in PAT	(29%)	(15%)	-	15%	29%

Deviation of 5% and 10% on cargo volume of vessels

FYE 2008	-10%	-5%	0%	+5%	+10%
	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	13,058	15,043	17,027	19,013	21,997
Percentage change in PBT	(23%)	(12%)	-	12%	23%
PAT	12,294	14,278	16,263	18,248	20,233
Percentage change in PAT	(24%)	(12%)	-	12%	24%

Deviation of 5% and 10% on trading volume

FYE 2008	-10%	-5%	0%	+5%	+10%
	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	16,766	16,897	17,027	17,159	17,290
Percentage change in PBT	(1.5%)	(0.8%)	-	0.8%	1.5%
PAT	16,001	16,132	16,263	16,394	16,525
Percentage change in PAT	(1.6%)	(0.8%)	-	0.8%	1.6%

Deviation of 5% and 10% on fuel cost for vessels

FYE 2008	-10%	-5%	0%	+5%	+10%
	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	18,435	17,731	17,027	16,324	15,620
Percentage change in PBT	8%	4%	-	(4%)	(8%)
PAT	17,671	16,967	16,263	15,560	14,856
Percentage change in PAT	9%	4%	-	(4%)	(9%)

Deviation of 5% and 10% on currency exchange rates

FYE 2008	-10% RM'000	-5% RM'000	0% RM'000	+5% RM'000	+10% RM'000
PBT	16,101	16,564	17,027	17,491	17,954
Percentage change in PBT	(5%)	(3%)	-	3%	5%
PAT	15,337	15,800	16,263	16,727	17,190
Percentage change in PAT	(6%)	(3%)	-	3%	6%

As illustrated above, the sensitivity analysis showed that our Group would continue to remain profitable in FYE 2008 despite 5% and 10% downward variations in the selected variables for FYE 2008.

10.10 DIVIDEND FORECAST

It is our policy to recommend dividends to allow shareholders to participate in the profits as well as to leave adequate reserves for the future growth. In determining the size of any dividend recommendation, we will take into consideration a number of factors, including but not limited to our financial performance, cash flow requirements, debt servicing and financing commitments, availability of distributable reserves and tax-exempt profits/tax credits, future expansion plans and compliance with regulatory requirements.

Subject to the foregoing factors, it is the present intention of our Board to distribute to its shareholders a minimum dividend per annum of 40% of our Group's annual PAT. Our intended appropriation of dividend from the consolidated forecast PAT for FYE 2008, subject to the foregoing factors, is as follows:-

FYE 2008		
Tax-exempt dividend per Share [1]	(sen)	5.5
Dividend yield based on the Issue/Offer Price	(%)	5.5
Net dividend cover [2]	(times)	2.5

Notes:-

[1] *Based on our enlarged issued and paid-up share capital upon our Listing comprising 120,000,000 Shares.*

[2] *Computed based on our consolidated forecast PAT over the net dividend.*

The rest of this page is intentionally left blank