

11. DIRECTORS' REPORT
(Prepared for inclusion in this Prospectus)

MALTON

21st Floor
Menara SEA Insurance
1008 Jalan Sultan Ismail
50250 Kuala Lumpur

Malton Berhad (formerly known as Gadek Capital Berhad)
(Company No. 320888-T)

The Shareholders of
Malton Berhad
(formerly known as Gadek Capital Berhad)
Suite 1603, 16th Floor
Wisma Lim Foo Yong
No. 86, Jalan Raja Chulan
50200 Kuala Lumpur

28 FEBRUARY 2002

Dear Sir/Madam,

On behalf of the Directors of Malton Berhad ("Company"), I report after due enquiry that during the period from 30 September 2001 (being the date to which the last audited accounts of the Company and its subsidiaries have been made) to the date hereof (being a date not earlier than fourteen days before the issue of this Prospectus) that :-

- (a) the business of the Company and its subsidiaries have, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen subsequent to the last audited accounts of the Company and its subsidiaries which have adversely affected the business and operations or the value of the assets of the Company and its subsidiaries;
- (c) the current assets of the Company and its subsidiaries appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have arisen by reason of any guarantees given by the Company or its subsidiaries; and
- (e) since the last audited accounts of the Company and its subsidiaries, save as disclosed in the Accountants' Report and Proforma Consolidated Balance Sheet as set out in Sections 12 and 10.10 respectively of this Prospectus, there has been no changes in published reserve nor any unusual factors affecting the profits of the Company and its subsidiaries.

Yours faithfully
On behalf of the Board of Directors of
MALTON BERHAD


DATUK LIM SIEW CHOON
Executive Chairman

12. ACCOUNTANTS' REPORT
(Prepared for inclusion in this Prospectus)



28 FEB 2002

The Board of Directors
Malton Berhad
(formerly known as Gadek Capital Berhad)
Suite 1603, 16th Floor
Wisma Lim Foo Yong
No. 86, Jalan Raja Chulan
50200 Kuala Lumpur

Dear Sirs

ACCOUNTANTS' REPORT

1 INTRODUCTION

This Report has been prepared by us, approved company auditors, for inclusion in the Prospectus dated 8 March 2002 in connection with the offer for sale of 122,280,000 ordinary shares of RM1.00 each in Malton Berhad ("Malton" or "the Company") at an offer price of RM1.60 per share with 61,140,000 free detachable warrants and the re-quotations of the Company on the Main Board of the Kuala Lumpur Stock Exchange ("KLSE").

2 GENERAL INFORMATION

2.1 Background

Malton was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 24 October 1994 under the name of Optimum Balance Sdn Bhd. The Company was converted to a public company on 15 December 1994. The Company changed its name to Gadek Capital Berhad on 19 December 1995 and was listed on the Main Board of the KLSE on 2 April 1996. It assumed the present name on 20 February 2002.

2.2 Principal Activities

The principal activity of Malton is that of investment holding.

The principal activities of the subsidiaries are disclosed in Section 3 of this Report.

12. ACCOUNTANTS' REPORT (Cont'd)**2.3 Share Capital**

The authorised and issued ordinary share capital of Malton as at the date of this Report are as follows:

Type	No. of shares	Par value (RM)	Amount (RM)
Authorised	1,000,000,000	1.00	1,000,000,000
Issued and paid-up	348,352,928	1.00	348,352,928

The changes in the issued and paid-up ordinary share capital of Malton since incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
24.10.1994	2	1.00	Cash	2
02.01.0996	104,176,462	1.00	Acquisition of entire equity interest in Credit Corporation (Malaysia) Berhad at an issue price of RM1.00 per share	104,176,464
22.03.1996	34,222,774	1.00	Restricted issue of 34,222,774 new ordinary shares of RM1.00 each in Malton to the shareholders of Gadek (Malaysia) Berhad ("Gadek") at an issue price of RM2.80 per ordinary share for cash payable in full upon acceptance on the basis of two (2) new ordinary shares for every three (3) existing ordinary shares held in Malton	138,399,238
22.03.1996	35,777,226	1.00	Public issue of 35,777,226 new ordinary shares of RM1.00 each at an issue price of RM2.80 per ordinary share	174,176,464
21.02.2002	174,176,464	1.00	Bonus Issue via capitalisation of the unappropriated profits	348,352,928

2.4 Warrants

On 26 February 2002, the Company issued 174,176,464 warrants to the shareholder ("the Offeror") of the Company on the basis of one (1) warrant for every two (2) existing shares held in the Company after the bonus issue at an aggregate consideration of RM250,000, i.e. approximately 0.14 sen per warrant.

The Offeror will as part of the offer for sale, attach for free, one (1) warrant for every two (2) existing shares of the Company offered pursuant to the offer for sale.

12. ACCOUNTANTS' REPORT (Cont'd)

The warrants are constituted by a Deed Poll dated 21 February 2002 executed by the Company.

The warrants may be exercised at any time on or before the maturity date falling five years from the date of issue of the warrants. The warrants carry the entitlement to subscribe for one new ordinary share of RM1.00 in the Company at an exercise price of RM1.60 each, which are subject to adjustment in accordance with the provisions in the Deed Poll. Any warrants which have not been exercised at the date of maturity will lapse and cease to be valid for any purpose.

The shares arising from the exercise of warrants shall rank *pari passu* in all respect with the ordinary shares of the Company except that they shall not be entitled to any rights, dividends or other distributions unless the exercise of warrants was effected before the book closure of the share registers for the determination of the entitlement to such rights or distributions.

2.5 Accounts and Auditors

We have been the auditors for the subsidiary companies, KCR, KCD, RMC, AC, GD, GH, SS, HP and RS throughout the periods under review and had reported on the accounts of these companies without qualification.

The accounts of BRD, DR, DH and PFDC were audited by other firms of auditors who had reported on the accounts of these companies for all periods relevant to this report without qualification.

The accounts including the proforma consolidated accounts presented herein have been prepared in accordance with Malaysian Accounting Standards Board ("MASB") standards and on the accounting principals and bases consistent with those normally adopted by the companies in the Proforma Group.

3 THE RESTRUCTURING SCHEME

In conjunction with the re-quotations and as an integral part of the restructuring scheme of Malton, the Company had undertaken the following restructuring scheme:

(i) Acquisitions

This involves the:-

- (a) acquisition of the entire issued and paid-up capital of Khuan Choo Realty Sdn Bhd ("KCR") comprising 16,650,010 ordinary shares of RM1.00 each for a cash consideration of RM96,928,160;
- (b) acquisition of approximately 69.12% equity interest of Bukit Rimau Development Sdn Bhd ("BRD") comprising 3,455,997 ordinary shares of RM1.00 each for a cash consideration of RM49,113,513.20, and the assignment to Malton the advances made to BRD by a Director and the holding company of BRD totalling RM30,886,486.80 for a cash consideration of the same amount; and
- (c) acquisition of the entire issued and paid-up capital of Domain Resources Sdn Bhd ("DR") comprising 1,000,000 ordinary shares of RM1.00 each for a cash consideration of RM38,000,000.

12. ACCOUNTANTS' REPORT (Cont'd)

The above acquisitions have resulted in Malton having the following subsidiary companies:

<i>Subsidiaries</i>	<i>Principal Activities</i>	<i>Country of Incorporation</i>	<i>Group Interest %</i>
<i>Khuan Choo Realty Sdn Bhd (KCR)</i>	<i>Property development and investment and investment holding</i>	<i>Malaysia</i>	<i>100</i>
<i>Bukit Rimau Development Sdn Bhd (BRD)</i>	<i>Property development</i>	<i>Malaysia</i>	<i>69.12</i>
<i>Domain Resources Sdn Bhd (DR)</i>	<i>Construction and project management and consultancy services</i>	<i>Malaysia</i>	<i>100</i>
<i>Subsidiaries of KCR</i>	<i>Principal Activities</i>	<i>Country of Incorporation</i>	<i>Group Interest %</i>
<i>Khuan Choo Development Sdn Bhd (KCD)</i>	<i>Property development</i>	<i>Malaysia</i>	<i>100</i>
<i>Regal Marvel Construction Sdn Bhd (RMC)</i>	<i>Construction and project management</i>	<i>Malaysia</i>	<i>100</i>
<i>Asia-Condo Corporation Sdn Bhd (AC)</i>	<i>Investment in property and property development</i>	<i>Malaysia</i>	<i>70</i>
<i>Gapadu Development Sdn Bhd (GD)</i>	<i>Property development</i>	<i>Malaysia</i>	<i>100</i>
<i>Silver Setup Sdn Bhd (SS)</i>	<i>Investment holding</i>	<i>Malaysia</i>	<i>100</i>
<i>Gapadu Harta Sdn Bhd (GH)</i>	<i>Property development</i>	<i>Malaysia</i>	<i>100</i>
<i>Horizontal Promenade Sdn Bhd (HP)</i>	<i>Property development</i>	<i>Malaysia</i>	<i>100</i>
<i>Rentak Sejati Sdn Bhd (RS)</i>	<i>Property development</i>	<i>Malaysia</i>	<i>100</i>
<i>Subsidiary of SS</i>	<i>Principal Activities</i>	<i>Country of Incorporation</i>	<i>Group Interest %</i>
<i>Perak Fruits & Development Corporation Sdn Bhd (PFDC)</i>	<i>Investment in land</i>	<i>Malaysia</i>	<i>51</i>
<i>Subsidiary of DR</i>	<i>Principal Activities</i>	<i>Country of Incorporation</i>	<i>Group Interest %</i>
<i>Domain Habitat Sdn Bhd (DH)</i>	<i>Dormant</i>	<i>Malaysia</i>	<i>100</i>

12. ACCOUNTANTS' REPORT (Cont'd)**(ii) Bonus Issue**

This involves the bonus issue of 174,176,464 new ordinary shares of RM1.00 each in Malton on the basis of one (1) new ordinary share in Malton for every one (1) existing ordinary share of RM1.00 each held in Malton.

(iii) Placement

This involves the placement of 104,158,000 ordinary shares of RM1.00 each at a placement price of RM1.60 per share with 52,079,000 free detachable warrants in Malton.

The offeror will make an offer for sale of 122,280,000 ordinary shares of RM1.00 each at an offer price of RM1.60 per share with 61,140,000 free detachable warrants in Malton.

4 SUMMARISED PROFIT AND LOSS ACCOUNTS

The summarised proforma consolidated results of the Proforma Group for the past 5 financial years ended 30 June 1997 to 2001 and 3 months ended 30 September 2001 have been prepared for illustrative purposes only after making such adjustments that we consider necessary and assuming that the Proforma Group had been in existence throughout the periods under review.

The summarised results of the subsidiary companies for the past 5 financial years ended 30 June 1997 to 2001 and 3 months ended 30 September 2001 based on the audited accounts are as follows:

4.1 Proforma Group

	← Financial years ended 30 June →					3 months ended 30 September 2001
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2001 RM'000
Turnover	105,106	134,138	169,824	207,963	218,979	38,857
Operating profit before charges for depreciation, interest and taxation	26,011	18,482	32,193	52,654	77,644	19,250
Depreciation	(1,584)	(1,875)	(1,793)	(1,768)	(1,773)	(355)
Interest	(873)	(1,149)	(1,443)	(3,383)	(3,219)	(751)
Operating profit after depreciation and interest but before taxation	23,554	15,458	28,957	47,503	72,652	18,144
Exceptional items	-	-	-	(1,372)	(1,494)	(55)
Profit before taxation	23,554	15,458	28,957	46,131	71,158	18,089
Taxation	(7,997)	(5,435)	(749)	(11,452)	(22,408)	(5,156)
Profit after taxation	15,557	10,023	28,208	34,679	48,750	12,933
Minority interests	(754)	281	(1,246)	(2,870)	(6,541)	(1,072)
Profit after taxation and minority interests	14,803	10,304	26,962	31,809	42,209	11,861

12. ACCOUNTANTS' REPORT (Cont'd)

No. of shares assumed in issue	348,352,928	348,352,928	348,352,928	348,352,928	348,352,928	348,352,928
Net earnings per share ("EPS") (sen)	4.25	2.96	7.74	9.13	12.12	*13.62
Gross dividend rate (%)	-	-	-	-	-	-

Note:

* Annualised

1. *The above results are arrived at after adjusting for significant inter-company transactions and minority interests in BRD (30.88%), AC (30%) and PFDC (49%).*
2. *The financial year ends of AC (prior to 1998), RMC (prior to 2000), GD (prior to 1998), BRD, DR and PFDC (prior to 2001) are not co-terminous with the Proforma Group year end of 30 June and consequently the results of these companies have been pro-rated, where appropriate, to arrive at the above results.*

Commentary:

1. *There were no extraordinary items for the years under review. The exceptional items in 2000 and 2001 comprised of rental compensation and gain/(loss) on disposal of subsidiaries.*
2. *In 1998, despite economic downturn, the Proforma Group was able to register improved turnover due primarily to the increased contribution from the Proforma Group's construction activities carried out by DR and RMC. In spite of this, the profit before taxation decreased to RM15.5 million from RM23.6 million in 1997 due mainly to lower margin contribution from construction works.*
3. *Turnover for 1999 further increased to RM169.8 million from RM134.1 million in the previous year attributable to increased contribution from the property companies as a result of increased properties sold in tandem with the improved economy. Consequently, the profit before taxation rose 87% to RM29 million from RM15.5 million in the previous year.*
4. *Turnover grew steadily by another 22% in 2000 to RM208 million from RM169.8 million in 1999. This was mainly attributed to the increased contribution from the property companies. On the back of higher turnover and gross margin, the profit before taxation increased by a further 59% to RM46.1 million.*
5. *Turnover growth moderated in the financial year ended 30 June 2001 due to lower billings achieved by KCD and RMC as a result of the completion of certain phases of their projects. The profit before taxation increased by 54% to RM71.2 million arising from higher margin achieved by BRD and DR.*
6. *The higher effective tax rates in 1997, 1998 and 2001 were due to the non-deductibility of certain expenses for tax purposes. The tax charge in 1999, despite the tax-free year, was due to longer tax period of RMC. The lower effective tax rate in 2000 was due to the pro-rating of tax-free year into this year.*

12. ACCOUNTANTS' REPORT (Cont'd)**4.2 KCR Group**

	< Financial years ended 30 June >					3 months ended 30 September 2001
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	RM'000
Turnover	34,038	64,350	97,288	93,446	80,117	20,032
Operating profit before charges for depreciation, interest and taxation	13,545	17,679	19,545	30,558	31,816	11,517
Depreciation	(1,104)	(1,211)	(1,168)	(986)	(913)	(165)
Interest	(501)	(634)	(1,020)	(2,959)	(2,997)	(682)
Operating profit after depreciation and interest but before taxation	11,940	15,834	17,357	26,613	27,906	10,670
Exceptional items	-	-	747	(1,509)	(1,346)	(55)
Share of loss in associate company	(29)	-	-	-	-	-
Profit before taxation	11,911	15,834	18,104	25,104	26,560	10,615
Taxation	(4,058)	(5,491)	(128)	(8,560)	(9,344)	(3,035)
Profit after taxation	7,853	10,343	17,976	16,544	17,216	7,580
Minority interests	(682)	(2,589)	(3,630)	1,195	857	57
Profit after taxation and minority interests	7,171	7,754	14,346	17,739	18,073	7,637
No. of shares in issue	2,650,010	2,650,010	2,650,010	2,650,010	16,650,010	16,650,010
Net EPS (RM)	*3.49	2.93	5.41	6.69	-1.87	^1.83
Gross dividend rate (%)	-	-	-	-	-	-

4.3 KCR

	< Financial years ended 30 June >					3 months ended 30 September 2001
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	RM'000
Turnover	-	-	3,317	4,896	1,272	204
Operating (loss)/profit before charges for depreciation, interest and taxation	(1,193)	(1,898)	2,125	4,000	5,843	366
Depreciation	(283)	(288)	(250)	(157)	(126)	(39)
Interest	(366)	(431)	(388)	(866)	(1,077)	(242)
Operating (loss)/profit after depreciation and interest but before taxation	(1,842)	(2,617)	1,487	2,977	4,640	85
Exceptional items	-	-	-	46	(20)	-
(Loss)/profit before taxation	(1,842)	(2,617)	1,487	3,023	4,620	85
Taxation	(18)	-	-	(1,330)	(1,469)	-
(Loss)/profit after taxation	(1,860)	(2,617)	1,487	1,693	3,151	85

12. ACCOUNTANTS' REPORT (Cont'd)

	<———— Financial years ended 30 June ———>					3 months ended 30 September 2001
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	RM'000
No. of shares in issue	2,650,010	2,650,010	2,650,010	2,650,010	16,650,010	16,650,010
Net (loss per share)EPS (RM)	*(0.91)	(0.99)	0.56	0.64	~0.33	^0.02
Gross dividend rate (%)	-	-	-	-	-	-

Note:

* Based on weighted average number of shares in issue of 2,053,758

~ Based on weighted average number of shares in issue of 9,650,010

^ Annualised

Commentary:

1. There were no extraordinary items for the years under review.
2. Turnover from 1999 to 2001 comprised of dividends and rental incomes.
3. The losses incurred in 1997 and 1998 were due to operating expenses incurred.
4. The exceptional items represented gain/(loss) on disposal of subsidiaries.
5. There was no tax charge in 1999 as it was a tax-free year. The tax charge for 2000 was in relation to dividends received and it was in line with the gross dividends received. The tax charge for 2001 was in relation to commission received.

4.4 KCD

	<———— Financial years ended 30 June ———>					3 months ended 30 September 2001
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	RM'000
Turnover	22,962	10,942	32,493	49,702	28,402	7,114
Operating profit before charges for depreciation, interest and taxation	11,924	4,883	5,318	20,161	10,769	2,951
Depreciation	(106)	(168)	(197)	(205)	(203)	(43)
Interest	(9)	(38)	(40)	(36)	(22)	(3)
Operating profit after depreciation and interest but before taxation	11,809	4,677	5,081	19,920	10,544	2,905
Taxation	(3,300)	(1,300)	-	(5,700)	(3,025)	(817)
Profit after taxation	8,509	3,377	5,081	14,220	7,519	2,088
No. of shares in issue ('000)	5,000	5,000	5,000	5,000	5,000	5,000
Net EPS (RM)	*2.84	0.68	1.02	2.84	1.50	^1.67
Gross dividend rate (%)	-	-	-	95.00	-	-

12. ACCOUNTANTS' REPORT (Cont'd)

Note:

* Based on weighted average number of shares in issue of 3,000,000
^ Annualised

Commentary:

1. There were no extraordinary and exceptional items for the years under review.
2. KCD achieved turnover of RM23 million in 1997 from the sale of the newly launched properties. Turnover decreased to RM10.9 million in 1998 due to lower sales as a result of economic downturn. In 1999 and 2000, turnover increased resulting from increased properties sold in tandem with the improved economic conditions.
3. Despite a 197% increase in turnover in 1999, profit before taxation only increased by a marginal 9%. This was due to the sale of lower margin properties during the year.
4. In 2000, on the back of higher turnover and gross margin (arising from costs savings), the profit before taxation increased to RM19.9 million from RM5.1 million in the previous year. The lower turnover and profit before taxation in 2001 was due to lower billings resulting from the completion of certain phases of its project.
5. The effective tax rates for 1997, 1998, 2000 and 2001 were generally in line with the statutory rates. There was no tax charge in 1999 as it was a tax-free year.

4.5 RMC

	Financial years ended 31 October		20 months ended 30 June	Financial years ended 30 June		3 months ended 30 September
	1996 RM'000	1997 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2001 RM'000
Turnover	-	86	45,961	68,427	49,668	21,806
Operating (loss)/profit before charges for depreciation, interest and taxation	(81)	(97)	7,275	10,287	9,738	8,328
Depreciation	(#)	(213)	(348)	(251)	(416)	(79)
Interest	(6)	(16)	(100)	(55)	(38)	(9)
Operating (loss)/profit after depreciation and interest but before taxation	(87)	(326)	6,827	9,981	9,284	8,240
Taxation	-	-	(878)	(2,860)	(2,824)	(2,200)
(Loss)/profit after taxation	(87)	(326)	5,949	7,121	6,460	6,040
No. of shares in issue ('000)	1,000	1,000	1,000	1,000	1,000	1,000
Net (loss per share)/EPS (RM)	(0.09)	(0.33)	*3.57	7.12	6.46	*24.16
Gross dividend rate (%)	-	-	~310.00	-	-	-

Note:

Negligible
* Annualised
~ Tax-exempt

12. ACCOUNTANTS' REPORT (Cont'd)*Commentary:*

1. *There were no extraordinary and exceptional items for the years/period under review.*
2. *Turnover for 1997 represented project management fees received. In 1999, RMC commenced on new construction projects and achieved turnover of RM46 million. Turnover increased in 2000 resulting from increased construction works done on existing projects and additional billings from new project.*
3. *In 2001, turnover decreased due to lower billings from completing phases of projects. Higher margin earned from ad-hoc projects resulted in the profit before taxation sustaining at the last year's level.*
4. *There was no tax charge for 1996 and 1997 as RMC had no chargeable income. The tax charge in 1999, despite the tax-free year, was in relation to the non tax-free period. The effective tax rates for 2000 and 2001 were in line with the statutory rates.*

4.6 AC

	15 months ended 30 June	Financial years ended				3 months ended 30 September
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2001 RM'000
Turnover	29,550	28,704	52,934	-	-	-
Operating profit/(loss) before charges for depreciation, interest and taxation	11,994	12,090	12,635	(313)	1,767	293
Depreciation	(329)	(263)	(252)	(160)	(63)	([^])
Interest	(62)	(53)	(474)	(1,966)	(1,857)	(427)
Operating profit/(loss) after depreciation and interest but before taxation	11,603	11,774	11,909	(2,439)	(153)	(134)
Exceptional items	-	-	-	(1,418)	(1,474)	(55)
Profit/(loss) before taxation	11,603	11,774	11,909	(3,857)	(1,627)	(189)
Taxation	(3,210)	(3,373)	-	-	(1,231)	-
Profit/(loss) after taxation	8,393	8,401	11,909	(3,857)	(2,858)	(189)
No. of shares in issue ('000)	2,210	2,210	2,210	2,210	2,210	2,210
Net EPS/(loss per share)(RM)	*~4.72	3.80	5.39	(1.75)	(1.29)	*(0.34)
Gross dividend rate (%)	-	-	-	-	-	-

*Note:** *Annualised*~ *Based on weighted average number of shares in issue of 1,421,333*^ *Negligible*

12. ACCOUNTANTS' REPORT (Cont'd)*Commentary:*

1. *There were no extraordinary items for the years/period under review.*
2. *AC launched its project during the financial period ended 30 June 1997 and achieved a turnover of RM29.6 million. In 1998, turnover represented progress billings on properties sold in the previous period. Turnover increased significantly in 1999 as AC was able to sell most of the remaining properties.*
3. *Despite a significant increase in turnover in 1999, the profit before taxation only increased marginally due to the sale of remaining properties at discounted prices. Interest from 2000 increased substantially as compared to the previous years as interest was capitalised previously.*
4. *The exceptional loss in 2000 and 2001 represented rental compensation paid.*
5. *The effective tax rates for 1997 and 1998 were generally in line with the statutory rates. There was no tax charge in 1999 as it was a tax-free year. The tax charge in 2001 represented tax penalty in respect of prior years.*

4.7 GD

	18 months	Financial years ended				3 months
	ended 30 June 1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	ended 30 September 2001 RM'000
Turnover	-	-	-	9,085	18,589	3,158
Operating (loss)/profit before charges for depreciation, interest and taxation	(460)	(314)	(810)	1,745	2,996	169
Depreciation	(298)	(218)	(218)	(202)	(104)	(5)
Interest	(54)	(46)	(32)	(11)	(3)	(1)
Operating (loss)/profit after depreciation and interest but before taxation	(812)	(578)	(1,060)	1,532	2,889	163
Taxation	-	-	-	-	(795)	(18)
(Loss)/profit after taxation	(812)	(578)	(1,060)	1,532	2,094	145
No. of shares in issue ('000)	1,000	1,000	1,000	1,000	1,000	1,000
Net (loss per share)/EPS (RM)	*(0.54)	(0.58)	(1.06)	1.53	2.09	*0.58
Gross dividend rate (%)	-	-	-	-	-	-

Note:

* Annualised

12. ACCOUNTANTS' REPORT (Cont'd)*Commentary:*

1. *There were no extraordinary and exceptional items for the years/period under review.*
2. *GD incurred losses from 1996 to 1999 due to operating expenses incurred with no corresponding sales revenue. GD achieved a turnover of RM9.1 million in 2000 arising from billings to construct a building. On the back of this income, GD registered profit before taxation of RM1.5 million.*
3. *GD achieved higher turnover and profit before taxation for the year ended 30 June 2001 from the sale of newly launched properties.*
4. *There was no tax charge prior to 2001 as GD had no chargeable income. The tax charge in 2001 was in line with the statutory rate.*

4.8 BRD

	6 months ended 31 December 1996 RM'000	←—— Financial years ended ——→ 31 December				9 months ended 30 September 2001 RM'000
		1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	
Turnover	15,069	18,171	15,415	44,793	101,628	70,560
Operating profit before charges for depreciation, interest and taxation	5,608	1,270	309	10,359	17,154	30,186
Depreciation	(9)	(4)	(7)	(10)	(20)	(21)
Interest	(*)	(4)	(6)	-	-	-
Operating profit after depreciation and interest but before taxation	5,599	1,262	296	10,349	17,134	30,165
Taxation	(1,688)	(528)	(115)	-	(4,793)	(8,402)
Profit after taxation	3,911	734	181	10,349	12,341	21,763
No. of shares in issue ('000)	5,000	5,000	5,000	5,000	5,000	5,000
Net EPS (RM)	~1.56	0.15	0.04	2.07	2.47	~5.80
Gross dividend rate (%)	-	-	-	-	-	-

Note:

- * Negligible
- ~ Annualised

12. ACCOUNTANTS' REPORT (Cont'd)*Commentary:*

1. *There were no extraordinary and exceptional items for the years/periods under review.*
2. *For the 6-month period ended 31 December 1996, BRD achieved turnover of RM15 million from the sale of bungalow lots. Turnover decreased in 1997 and 1998 due to lower sales as a result of economic downturn. BRD was able to achieve higher turnover in 1999 and 2000 from increased properties sold resulting from aggressive sales and marketing strategies adopted supported by the improving economy.*
3. *Profit before taxation for 1997 decreased substantially to RM1.3 million from RM5.6 million in the previous year due mainly to high advertising and promotion expenses incurred to launch BRD's project. In 1998, profit before taxation decreased further to RM296,000 due to the sale of properties which commended lower margin.*
4. *On the back of increased turnover and the sale of higher margin properties, BRD improved its performance in 1999 and registered profit before taxation of RM10.3 million, as compared to RM296,000 in the previous year.*
5. *Turnover for the year ended 31 December 2000 increased arising from increased works done for properties launched and sold in the previous years. The profit before taxation did not increase relative to the increase in turnover due to the reversal of profit over-recognised for certain properties completed during the year. For the 9 months ended 30 September 2001, however, the profit before taxation was higher due to the sale of higher margin properties and the reversal of costs provided for properties completed in the previous years.*
6. *The effective tax rates for 1997 and 1998 were higher than the statutory rates due to certain expenses incurred being disallowed for tax deduction. There was no tax charge in 1999 as it was a tax-free year. The effective tax rates for 2000 and 2001 were in line with the statutory rates.*

4.9 DR

	←----- Financial years ended ----->					9 months ended
	1996	1997	1998	1999	2000	30 September 2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	12,838	56,051	62,558	40,909	43,707	14,635
Operating profit/(loss) before charges for depreciation, interest and taxation	1,288	(339)	863	13,337	5,332	10,898
Depreciation	(209)	(438)	(439)	(379)	(406)	(311)
Interest	(39)	(225)	(94)	(49)	(25)	(7)
Operating profit/(loss) after depreciation and interest but before taxation	1,040	(1,002)	330	12,909	4,901	10,580
Taxation	(413)	95	(274)	(56)	(1,749)	(3,106)
Profit/(loss) after taxation	627	(907)	56	12,853	3,152	7,474

12. ACCOUNTANTS' REPORT (Cont'd)

No. of shares in issue ('000)	1,000	1,000	1,000	1,000	1,000	1,000
Net EPS/(loss per share)(RM)	*1.50	(0.91)	0.06	12.85	3.15	~9.97
Gross dividend rate (%)	-	-	-	-	^420.00	-

Note:

* Based on weighted average number of shares in issue of 416,725

-- Annualised

^ Tax-exempt

Commentary:

1. There were no extraordinary and exceptional items for the years/period under review.
2. In 1996, DR registered a turnover of RM12.8 million from works done on new projects. Turnover continued on an upward trend thereafter arising mainly from increased works done. In 1999, however, turnover decreased due to lower billings on completing projects.
3. Despite higher turnover in 1997, DR suffered a net loss of RM1 million due primarily to additional costs incurred. In 1999, however, costs saving on contingencies provided for previously resulted in profit before taxation increasing significantly to RM12.9 million from RM330,000 in the previous year. In 2000, the profit before taxation relative to turnover decreased as compared to 1999 due to higher contribution from lower margin projects.
4. For the 9 months ended 30 September 2001, despite the decrease in turnover due to lower billings on completing projects, the profit before taxation increased due to costs saving on contingencies provided for previously.
5. The effective tax rates for 1996, 1998, 2000 and 2001 were higher than the statutory rates due to certain expenses incurred being disallowed for tax deduction. There was no tax charge in 1997 as DR had no chargeable income and in 1999, it was a tax-free year.

4.10 PFDC

	← Financial years ended →				18	3 months
	1996	1997	1998	1999	months ended 30 June 2001	ended 30 September 2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	194	116	128	51	22	2
Operating (loss)profit before charges for depreciation, interest and taxation	(1,041)	(228)	(187)	(115)	224	(87)
Depreciation	(205)	(309)	(259)	(240)	(695)	(75)
Interest	(200)	(331)	(411)	(337)	(448)	(67)
Operating loss after depreciation and interest but before taxation	(1,446)	(868)	(857)	(692)	(919)	(229)
Taxation	-	-	-	-	-	-
Loss after taxation	(1,446)	(868)	(857)	(692)	(919)	(229)

12. ACCOUNTANTS' REPORT (Cont'd)

No. of shares in issue ('000)	2,600	2,600	2,600	2,600	2,600	2,600
Net loss per share (RM)	(0.56)	(0.33)	(0.33)	(0.27)	*(0.24)	*(0.35)
Gross dividend rate (%)	-	-	-	-	-	-

Note:

* Annualised

Commentary:

1. *There were no extraordinary and exceptional items for the years/period under review.*
2. *PFDC incurred losses for all the years/period under review due to under-utilisation of plantation land and high maintenance and operating costs.*
3. *There was no tax charge as PFDC incurred losses.*

4.11 GH

GH was incorporated on 22 January 1996 and has not commenced operations as at 30 September 2001. The losses in the account represented deferred expenditure written off and administrative expenses incurred.

4.12 DH

DH was incorporated on 23 May 1995 and has not commenced operations as at 30 September 2001. The losses in the account represented deferred expenditure written off and administrative expenses incurred.

4.13 SS

SS was incorporated on 15 November 2000 and has not commenced operations as at 30 September 2001. The losses in the account represented incorporation and administrative expenses incurred.

4.14 HP

HP was incorporated on 24 November 2000 and has not commenced operations as at 30 September 2001. The losses in the account represented incorporation and administrative expenses incurred.

4.15 RS

RS was incorporated on 21 February 2001 and has not commenced operations as at 30 September 2001. The losses in the account represented incorporation and administrative expenses incurred.

12. ACCOUNTANTS' REPORT (Cont'd)**5 DIVIDENDS**

Except for those subsidiaries shown below, other subsidiaries have not paid or declared any dividends for the financial years/periods under review.

Company	Year ended	Type	Gross dividend rate %	Net dividend RM'000
RMC	30 June 1999	Final	310	~3,100
DR	31 December 2000	Interim	420	~4,200
KCD	30 June 2000	Final	95	3,420

- Tax-exempt

6 SUMMARISED BALANCE SHEETS

The summarised balance sheets of the subsidiary companies for the past 5 financial years ended 30 June 1997 to 2001 and 3 months ended 30 September 2001 based on the audited accounts are as follows:

6.1 KCR Group

	← As at 30 June →					As at
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	30 September 2001 RM'000
Fixed assets	7,986	8,418	7,084	6,958	7,303	7,152
Associated companies	200	200	-	-	-	-
Investment property	-	-	-	13,577	13,577	13,577
Development property	23,116	28,610	26,144	16,412	-	-
Other investment	232	232	232	232	232	232
Deferred expenditure	252	252	255	-	-	-
Current assets	54,525	86,591	131,221	160,479	188,911	199,107
Current liabilities	42,922	39,097	75,283	97,428	84,620	89,018
Net current assets	11,603	47,494	55,938	63,051	104,291	110,089
	43,389	85,206	89,653	100,230	125,403	131,050
Represented by :						
Share capital	2,650	2,650	2,650	2,650	16,650	16,650
Profit and loss	13,669	21,423	35,769	53,508	71,581	79,218
Shareholders' funds	16,319	24,073	38,419	56,158	88,231	95,868
Minority interests	3,331	5,875	9,505	7,973	7,096	7,039
Hire purchase creditors	640	736	351	191	170	357

12. ACCOUNTANTS' REPORT (Cont'd)

Term loans	23,099	54,522	41,378	35,908	29,906	27,786
	43,389	85,206	89,653	100,230	125,403	131,050
Net tangible assets ("NTA") (RM'000)	16,067	23,821	38,164	56,158	88,231	95,868
NTA per share (RM)	6.06	8.99	14.40	21.19	5.30	5.76

6.2 KCR

	← As at 30 June →					As at 30 September 2001
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	RM'000
Fixed assets	5,791	5,681	5,430	5,468	5,369	5,330
Investment property	-	-	-	13,577	13,577	13,577
Subsidiary companies	8,974	9,920	9,910	9,635	9,547	9,547
Associated companies	200	200	-	-	-	-
Other investment	232	232	232	232	232	232
Current assets	6,851	14,359	39,112	45,702	60,815	70,550
Current liabilities	15,046	23,631	44,437	62,725	60,571	70,359
Net current (liabilities)/assets	(8,195)	(9,272)	(5,325)	(17,023)	244	191
	7,002	6,761	10,247	11,889	28,969	28,877
Represented by :						
Share capital	2,650	2,650	2,650	2,650	16,650	16,650
Profit and loss	1,138	(1,479)	8	1,701	4,852	4,937
Shareholders' funds	3,788	1,171	2,658	4,351	21,502	21,587
Term loans	3,214	5,590	7,589	7,538	7,467	7,290
	7,002	6,761	10,247	11,889	28,969	28,877
NTA (RM'000)	3,788	1,171	2,658	4,351	21,502	21,587
NTA per share (RM)	1.43	0.44	1.00	1.64	1.29	1.30

Commentary:

- Fixed assets comprised mainly of properties and motor vehicles.*
- The associated company was disposed of in 1999.*
- Current assets for 1998 and 1999 comprised mainly of development expenditure incurred for a property and advances to third parties. The property was completed in 2000 and held as investment property. In 2000 and 2001, current assets comprised mainly of advancements given to contractors relating to the subsidiaries' projects and amount due by subsidiaries.*
- Current liabilities comprised mainly of amount due to subsidiary companies.*
- The term loan was taken to finance fixed assets purchases.*

12. ACCOUNTANTS' REPORT (Cont'd)**6.3 KCD**

	← As at 30 June →					As at 30 September 2001
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	RM'000
Fixed assets	392	685	488	409	464	801
Development property	10,335	13,648	10,626	11,358	-	-
Current assets	24,547	31,766	40,885	67,370	69,759	71,082
Current liabilities	16,343	9,643	11,133	30,588	21,340	22,369
Net current assets	8,204	22,123	29,752	36,782	48,419	48,713
	18,931	36,456	40,866	48,549	48,883	49,514
Represented by :						
Share capital	5,000	5,000	5,000	5,000	5,000	5,000
Profit and loss	8,459	11,836	16,917	27,717	35,236	37,324
Shareholders' funds	13,459	16,836	21,917	32,717	40,236	42,324
Hire purchase creditors	135	234	71	50	154	356
Term loan	5,337	19,386	18,878	15,782	8,493	6,834
	18,931	36,456	40,866	48,549	48,883	49,514
NTA (RM'000)	13,459	16,836	21,917	32,717	40,236	42,324
NTA per share (RM)	2.69	3.37	4.38	6.54	8.05	8.46

Note:

Development expenditure for 1997 and 1998 have been restated into development property and development expenditure to conform with the current year's presentation

Hire purchase creditors for 1997 and 1998 have been restated into current and long-term liabilities to conform with the current year's presentation

Commentary:

1. *Development property comprised of land and development costs incurred for properties which have not been launched.*
2. *The increase in current assets was mainly due to development expenditure incurred, amount due from holding and related companies.*
3. *Current liabilities comprised mainly of bank borrowings and related companies balances to finance KCD's project.*
4. *The term loan was taken to finance KCD's project.*

12. ACCOUNTANTS' REPORT (Cont'd)**6.4 RMC**

	<As at 31 October >		<-----As at 30 June----->			As at
	1996	1997	1998	2000	2001	30
	RM'000	RM'000	RM'000	RM'000	RM'000	September
						2001
						RM'000
Fixed assets	*	911	526	854	1,393	1,296
Deferred expenditure	13	13	-	-		
Current assets	805	3,180	30,496	86,638	107,403	119,506
Current liabilities	109	3,167	27,545	77,009	91,970	97,949
Net current assets	696	13	2,951	9,629	15,433	21,557
	709	937	3,477	10,483	16,826	22,853
Represented by :						
Share capital	1,000	1,000	1,000	1,000	1,000	1,000
Profit and loss	(291)	(617)	2,232	9,353	15,813	21,853
Shareholders' funds	709	383	3,232	10,353	16,813	22,853
Hire purchase creditors	-	554	245	130	13	-
	709	937	3,477	10,483	16,826	22,853
NTA (RM'000)	696	370	3,232	10,353	16,813	22,853
NTA per share (RM)	0.70	0.37	3.23	10.35	16.81	22.85

Note:

Hire purchase creditors for 1997 have been restated into current and long-term liabilities to conform with the current year's presentation

* Negligible

Commentary:

1. *The increase in current assets was mainly due the increase in trade debtors balances relating to a turnkey project which will only be settled upon completion of the project.*
2. *The increase in current liabilities was mainly due to the increase in trade creditors balances which will only be paid against debtors collections, and related company advances to finance RMC's projects.*

12. ACCOUNTANTS' REPORT (Cont'd)**6.5 AC**

	← As at 30 June →					As at 30 September 2001
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	RM'000
Fixed assets	881	586	225	65	2	2
Current assets	30,056	57,895	88,187	65,983	57,474	57,034
Current liabilities	11,170	13,664	48,297	23,598	25,069	25,089
Net current assets	18,886	44,231	39,890	42,385	32,405	31,945
	19,767	44,817	40,115	42,450	32,407	31,947
Represented by :						
Share capital	2,210	2,210	2,210	2,210	2,210	2,210
Profit and loss	7,848	16,249	28,158	24,301	21,443	21,254
Shareholders' funds	10,058	18,459	30,368	26,511	23,653	23,464
Hire purchase creditors	248	-	-	-	-	-
Term loan	9,461	26,358	9,747	15,939	8,754	8,483
	19,767	44,817	40,115	42,450	32,407	31,947
NTA (RM'000)	10,058	18,459	30,368	26,511	23,653	23,464
NTA per share (RM)	4.55	8.35	13.74	12.00	10.70	10.62

Note:

Hire purchase creditors for 1997 have been restated into current and long-term liabilities to conform with the Group's presentation

Commentary:

1. *Current assets for 1997 and 1998 comprised mainly of development expenditure incurred. The balances from 1999 comprised mainly of related companies balances, stocks and other receivables.*
2. *Current liabilities comprised mainly of bank borrowings, related companies balances and other payables due.*

12. ACCOUNTANTS' REPORT (Cont'd)**6.6 GD**

	←----- As at 30 June ----->					As at 30 September 2001
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	RM'000
Fixed assets	664	575	358	161	75	69
Development property	12,781	14,962	15,518	5,054	-	-
Deferred expenditure	19	19	19	-	-	-
Current assets	219	331	347	18,714	29,226	31,301
Current liabilities	8,402	13,219	12,770	16,131	22,118	24,055
Net current (liabilities)/assets	(8,183)	(12,888)	(12,423)	2,583	7,108	7,246
	5,281	2,668	3,472	7,798	7,183	7,315
Represented by :						
Share capital	1,000	1,000	1,000	1,000	1,000	1,000
Profit and loss	(999)	(1,577)	(2,637)	(1,105)	989	1,134
Shareholders' (deficit)/funds	1	(577)	(1,637)	(105)	1,989	2,134
Hire purchase creditors	192	58	21	11	3	1
Term loan	5,088	3,187	5,088	7,892	5,191	5,180
	5,281	2,668	3,472	7,798	7,183	7,315
(Net liabilities)/NTA (RM'000)	(18)	(596)	(1,656)	(105)	1,989	2,134
(Net liabilities)/NTA per share (RM)	(0.02)	(0.60)	(1.66)	(0.11)	1.99	2.13

Note:

Development expenditure for 1997 and 1998 have been reclassified as development property to conform with the current year's presentation

Hire purchase creditors for 1997 and 1998 have been restated into current and long-term liabilities to conform with the current year's presentation

Commentary:

1. *Development property comprised of land and development costs incurred for properties which have not been launched. The decrease in development property in 2000 and 2001 was due to GD launching its project.*
2. *The increase in current assets in 2000 and 2001 was due to GD reversing the above development property into development expenditure as its project was launched.*
3. *Current liabilities comprised mainly of amount due to directors and related companies to finance GD's project.*

12. ACCOUNTANTS' REPORT (Cont'd)**6.7 GH**

	← As at 30 June →					As at 30 September 2001
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2001 RM'000
Deferred expenditure	73	74	76	-	-	-
Current assets	941	940	927	927	927	927
Current liabilities	14	14	3	5	7	8
Net current assets	927	926	924	922	920	919
	1,000	1,000	1,000	922	920	919
Represented by :						
Share capital	1,000	1,000	1,000	1,000	1,000	1,000
Profit and loss	-	-	-	(78)	(80)	(81)
Shareholders' funds	1,000	1,000	1,000	922	920	919
NTA (RM'000)	927	926	924	922	920	919
NTA per share (RM)	0.93	0.93	0.92	0.92	0.92	0.92

Commentary:

1. Current assets for 2000 comprised mainly of amount due from holding company (KCR) and in 2001 it comprised mainly of deposit paid.

6.8 DH

	← As at 30 June →					As at 30 September 2001
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2001 RM'000
Deferred expenditure	11	16	11	13	-	-
Current assets	*	*	*	*	*	*
Current liabilities	11	16	11	13	15	16
Net current liabilities	(11)	(16)	(11)	(13)	(15)	(16)
	*	*	*	*	(15)	(16)
Represented by :						
Share capital	~	~	~	~	~	~
	-	-	-	-	(15)	(16)
Shareholders' funds	*	*	*	*	(15)	(16)
Net liabilities (RM'000)	(11)	(16)	(11)	(13)	(15)	(16)
Net liabilities per share (RM'000)	(5.5)	(8)	(5.5)	(6.5)	(7.5)	(8)

Note:

~ The paid up capital was RM2

* Negligible

12. ACCOUNTANTS' REPORT (Cont'd)**6.9 BRD**

	←----- As at 31 December ----->					As at 30
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	September 2001 RM'000
Fixed assets	189	295	127	409	497	730
Development property	77,081	87,530	97,123	65,184	58,473	58,028
Current assets	44,480	36,289	36,968	103,839	89,012	93,321
Current liabilities	10,168	11,128	9,391	47,089	29,543	33,484
Net current assets	34,312	25,161	27,577	56,750	59,469	59,837
	111,582	112,986	124,827	122,343	118,439	118,595
Represented by :						
Share capital	5,000	5,000	5,000	5,000	5,000	5,000
Profit and loss	3,881	4,615	4,796	15,145	27,487	49,250
Shareholders' funds	8,881	9,615	9,796	20,145	32,487	54,250
Hire purchase creditors	43	21	-	-	-	-
Term loan	73,000	70,500	79,383	63,612	44,558	20,844
Due to a director	13,296	18,372	19,936	21,500	23,063	24,236
Due to holding company	16,362	14,431	15,665	17,039	18,284	19,218
Deferred taxation	-	47	47	47	47	47
	111,582	112,986	124,827	122,343	118,439	118,595
NTA (RM'000)	8,881	9,615	9,796	20,145	32,487	54,250
NTA per share (RM)	1.78	1.92	1.96	4.03	6.50	10.85

Commentary:

1. *Development property comprised of land and development costs incurred for properties which have not been launched. The balances were decreasing from 1998 as more properties were launched.*
2. *Current assets comprised mainly of development expenditure incurred. In 2000 and 2001, the balances also included stocks of completed properties.*
3. *Current liabilities comprised mainly of trade creditors balances, purchasers deposits received and bank borrowings.*
4. *Apart from bank borrowings, BRD also relied on directors and holding company loans to finance its operations.*

12. ACCOUNTANTS' REPORT (Cont'd)**6.10 DR**

	←----- As at 31 December ----->					As at 30
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	September 2001 RM'000
Fixed assets	1,410	7,512	7,077	6,255	6,267	6,088
Subsidiary company	-	-	-	*	*	*
Other investment	-	61	68	61	61	61
Current assets	6,589	16,884	30,855	39,758	39,093	35,480
Current liabilities	5,693	22,813	36,921	32,154	32,613	21,264
Net current (liabilities)/assets	896	(5,929)	(6,066)	7,604	6,480	14,216
	2,306	1,644	1,079	13,920	12,808	20,365
Represented by :						
Share capital	1,000	1,000	1,000	1,000	1,000	1,000
Profit and loss	789	(118)	(62)	12,791	11,744	19,220
Shareholders' funds	1,789	882	938	13,791	12,744	20,220
Hire purchase/lease creditors	422	289	141	73	8	-
Term loan	-	473	-	-	-	-
Deferred taxation	95	-	-	56	56	145
	2,306	1,644	1,079	13,920	12,808	20,365
NTA (RM'000)	1,789	882	938	13,791	12,744	20,220
NTA per share (RM)	1.79	0.88	0.94	13.79	12.74	20.22

Note:

* Investment in subsidiary was RM2

Hire purchase creditors for 1996 and 1997 have been restated into current and long-term liabilities to conform with the Proforma Group's presentation

Commentary:

1. The increased in fixed assets in 1997 was due to the purchase of office lot during the year.
2. Current assets comprised mainly of trade debtors and cash/fixed deposits balances.
3. Current liabilities comprised mainly of trade creditors balances.

12. ACCOUNTANTS' REPORT (Cont'd)**6.11 PFDC**

	←----- As at 31 December ----->				As at	As at 30
	1996	1997	1998	1999	30 June	September
	RM'000	RM'000	RM'000	RM'000	2001	2001
Fixed assets	2,120	2,110	1,851	1,611	21,966	21,890
Current assets	603	141	173	120	6	18
Current liabilities	3,013	3,409	4,039	4,438	5,748	5,913
Net current liabilities	(2,410)	(3,268)	(3,866)	(4,318)	(5,742)	(5,895)
	(290)	(1,158)	(2,015)	(2,707)	16,224	15,995
Represented by :						
Share capital	2,600	2,600	2,600	2,600	2,600	2,600
Revaluation reserve	-	-	-	-	14,292	14,292
Profit and loss	(2,890)	(3,758)	(4,615)	(5,307)	(6,226)	(6,455)
Shareholders' funds/(deficit)	(290)	(1,158)	(2,015)	(2,707)	10,666	10,437
Deferred taxation	-	-	-	-	5,558	5,558
	(290)	(1,158)	(2,015)	(2,707)	16,224	15,995
(Net liabilities)/NTA (RM'000)	(290)	(1,158)	(2,015)	(2,707)	10,666	10,437
(Net liabilities)/NTA per share (RM)	(0.11)	(0.45)	(0.78)	(1.04)	4.10	4.01

Commentary:

1. Current liabilities comprised mainly of bank borrowings and amount due to third parties.
2. PFDC revalued its land in 2001 and accrued a revaluation surplus of RM14.3 million.

12. ACCOUNTANTS' REPORT (Cont'd)**6.12 SS**

	As at 30 June 2001 RM'000	As at 30 September 2001 RM'000
Current assets	3,264	3,264
Current liabilities	2,967	2,968
Net current assets	297	296
	297	296
Represented by :		
Share capital	*	*
Share application money	300	300
Profit and loss	(3)	(4)
Shareholders' funds	297	296
NTA (RM'000)	297	296
NTA per share (RM'000)	148.5	148

Note:

* *The paid-up capital was RM2*

Commentary:

- The current assets comprised mainly of deposit paid.*
- The current liabilities comprised mainly of amount due to holding company (KCR).*

6.13 HP

	As at 30 June 2001 RM'000	As at 30 September 2001 RM'000
Current assets	200	200
Current liabilities	103	104
Net current assets	97	96
	97	96
Represented by :		
Share capital	*	*
Share application money	100	100
Profit and loss	(3)	(4)
Shareholders' funds	97	96

12. ACCOUNTANTS' REPORT (Cont'd)

	As at 30 June 2001	As at 30 September 2001
NTA (RM'000)	97	96
NTA per share (RM'000)	48.5	48

Note:

* The paid-up capital was RM2

Commentary:

1. The current assets comprised mainly of deposit paid.
2. The current liabilities comprised mainly of amount due to holding company (KCR).

6.14 RS

	As at 30 June 2001 RM'000	As at 30 September 2001 RM'000
Current assets	1,000	1,000
Current liabilities	903	904
Net current assets	97	96
	97	96
Represented by :		
Share capital	*	*
Share application money	100	100
Profit and loss	(3)	(4)
Shareholders' funds	97	96
	97	96
NTA (RM'000)	97	96
NTA per share (RM'000)	48.5	48

Note:

* The paid-up capital was RM2

Commentary:

1. The current assets comprised mainly of deposit paid.
2. The current liabilities comprised mainly of amount due to holding company (KCR).

12. ACCOUNTANTS' REPORT (Cont'd)**7 CASHFLOW STATEMENT**

The following is the cashflow statement for KCR Group, BRD, DR Group and PFDC based on the audited accounts as at 30 September 2001.

7.1 KCR Group

	3 months ended 30 September 2001 RM'000
Cash flow from operating activities	
Profit before taxation	10,615
Adjustments for :	
Depreciation	165
Interest expenses	682
Gain on disposal of fixed assets	(253)
Interest income	(131)
Operating profit before working capital changes	<u>11,078</u>
Increase in development expenditure	8,389
Increase in debtors	(33,836)
Increase in creditors	1,590
Cash used in operations	<u>(12,779)</u>
Tax paid	(205)
Interest paid	(683)
Interest received	131
Net cash used in operating activities.	<u>(13,536)</u>
Cash flow from investing activities	
Purchase of fixed assets	(15)
Proceed from disposal of fixed assets	253
Net cash from investing activities	<u>238</u>

12. ACCOUNTANTS' REPORT (Cont'd)**Cash flow from financing activities**

Repayment of term loan	(2,188)
Repayment of hire purchase creditors	(58)
Revolving credit obtained	274

Net cash used in financing activities	<u>(1,972)</u>
---------------------------------------	----------------

Net increase in cash and cash equivalents	(15,270)
Cash and equivalents at beginning of the period	13,089

Cash and cash equivalents at end of the period	<u>(2,181)</u>
--	----------------

Cash and cash equivalents at end of the period consist of:

<i>Cash and bank balances</i>	336
<i>Bank overdraft</i>	<u>(2,517)</u>
	<u>(2,181)</u>

7.2 BRD

**9 months
ended
30 September
2001
RM'000**

Cash flow from operating activities

Profit before taxation	30,166
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Adjustments for :

Depreciation	21
--------------	----

Profit on disposal of fixed assets	
------------------------------------	--

Attributable profit on development properties	(36,016)
---	----------

Interest income	(175)
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Operating loss before working capital changes	<u>(6,004)</u>
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Increase in debtors	(2,550)
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Decrease in stocks – bungalow lots	2,358
------------------------------------	-------

Decrease in development expenditure	35,785
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Decrease in creditors	(4,855)
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Cash generated from operations	<u>24,734</u>
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Tax paid	(906)
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Net cash from operating activities.	<u>23,828</u>
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12. ACCOUNTANTS' REPORT (Cont'd)**Cash flow from investing activities**

Purchase of fixed assets	(253)
Interest received	175
Net cash used in investing activities	<u>(78)</u>

Cash flow from financing activities

Drawdown of term loan	1,000
Repayment of term loan	(23,414)
Advances from holding company and a director	2,107
Net cash used in financing activities	<u>(20,307)</u>
Net increase in cash and cash equivalents	3,443
Cash and equivalents at beginning of the period	7,993
Cash and cash equivalents at end of the period	<u>11,436</u>

Cash and cash equivalents at end of the period consist of:

<i>Cash and bank balances</i>	8,236
<i>Fixed deposits</i>	3,200
	<u>11,436</u>

7.3 DR Group

**9 months
ended
30 September
2001
RM'000**

Cash flow from operating activities

Profit before taxation	10,580
Adjustments for :	
Depreciation	311
Attributable profit on construction contracts	(7,496)
Interest expenses	6
Interest income	(555)
Operating profit before working capital changes	<u>2,846</u>
Decrease in debtors	3,955
Decrease in creditors	(14,299)
Decrease in due to customers for construction contracts	7,514
Cash generated from operations	<u>16</u>

12. ACCOUNTANTS' REPORT (Cont'd)

Tax paid	(84)
Interest paid	(7)
Net cash used in operating activities.	<u>(75)</u>
Cash flow from investing activities	
Purchase of fixed assets	(132)
Interest received	555
Net cash from investing activities	<u>423</u>
Cash flow from financing activities	
Dividend paid	(8)
Net cash used in financing activities	<u>(8)</u>
Net increase in cash and cash equivalents	340
Cash and equivalents at beginning of the period	<u>23,104</u>
Cash and cash equivalents at end of the period	<u>23,444</u>

Cash and cash equivalents at end of the period consist of:

<i>Cash and bank balances</i>	26
<i>Fixed deposits</i>	<u>23,418</u>
	<u>23,444</u>

7.4 PFDC

	3 months ended 30 September 2001 RM'000
Cash flow from operating activities	
Loss before taxation	(229)
Adjustments for :	
Depreciation	75
Interest expenses	67
Operating loss before working capital changes	<u>(87)</u>

12. ACCOUNTANTS' REPORT (Cont'd)

Increase in debtors	(5)
Increase in creditors	327
Cash generated from operation	<u>235</u>
Interest paid	(67)
Net cash generated from operating activities.	<u>168</u>
Cash flow from financing activities	
Repayment from short term loan	(162)
Net cash used in financing activities	<u>(162)</u>
Net decrease in cash and cash equivalents	6
Cash and equivalents at beginning of the period	<u>5</u>
Cash and cash equivalents at end of the period	<u>11</u>
<i>Cash and cash equivalents at end of the period consist of:</i>	
<i>Cash and bank balances</i>	<u>11</u>

12. ACCOUNTANTS' REPORT (Cont'd)**8 STATEMENT OF ASSETS AND LIABILITIES**

The following is the statement of assets and liabilities of the Company and of the Proforma Group which has been prepared for illustrative purposes only and is based on the audited accounts of the companies in the Proforma Group as at 30 September 2001. The statement of assets and liabilities has been prepared as if the restructuring scheme including the estimated expenses of RM3 million were effected on 30 September 2001 and should be read in conjunction with the notes thereon:

As at	Note	Company 30 September 2001 RM'000	Proforma Group 30 September 2001 RM'000
FIXED ASSETS	8.5		14,316
INVESTMENT PROPERTY	8.6		13,577
DEVELOPMENT PROPERTY	8.7		58,028
OTHER INVESTMENT	8.8		293
CURRENT ASSETS			
Gross amount due from customers	8.9		1,968
Development expenditure	8.10		59,448
Stocks	8.11		41,907
Trade debtors			138,863
Other debtors, deposits and prepayments	8.12		50,887
Due from ultimate holding company	8.13	195,481	-
Tax recoverable		1,997	1,997
Fixed deposits	8.14	234,482	26,695
Cash and bank balances		1,062	221,946
		433,022	543,711
CURRENT LIABILITIES			
Gross amount due to customer	8.15		1,854
Trade creditors			68,507
Other creditors and accruals	8.16	52	11,468
Hire purchase creditors	8.17		270
Bank borrowings	8.18		13,578
Provision for taxation			46,846
		52	142,523
NET CURRENT ASSETS		432,970	401,188
		432,970	487,402

12. ACCOUNTANTS' REPORT (Cont'd)

SHARE CAPITAL	8.19	174,176	348,352
SHARE PREMIUM	8.20	121,732	250
PROFIT AND LOSS ACCOUNT		137,062	51,961
SHAREHOLDERS' FUNDS		<u>432,970</u>	<u>400,563</u>
MINORITY INTEREST			23,792
HIRE PURCHASE CREDITORS	8.17		357
BANK BORROWINGS – SECURED	8.18		49,931
DUE TO DIRECTORS	8.21		12,567
DEFERRED TAXATION	8.22		192
		<u>432,970</u>	<u>487,402</u>

Notes to the Statement of Assets and Liabilities**8.1 GENERAL**

The financial statements of the Company and of the Proforma Group are expressed in Malaysian Ringgit ("RM").

The Company was incorporated in Malaysia as a private company limited by shares. It is resident in Malaysia with its registered office in Suite 1603, 16th Floor, Wisma Lim Foo Yong, No. 86, Jalan Raja Chulan, 50200 Kuala Lumpur and principal place of business in 21st Floor, Menara SEA Insurance, 1008 Jalan Sultan Ismail, 50250 Kuala Lumpur.

8.2 PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Section 3 of this Report.

8.3 BASIS OF PREPARATION OF ACCOUNTS

The accounts of the Company have been prepared in accordance with applicable approved Accounting Standards and the provision of the Companies Act, 1965.

8.4 ACCOUNTING POLICIES**(i) Basis of Accounting**

The accounts are prepared under the historical cost convention.

(ii) Basis of Consolidation

The consolidated profit and loss account and balance sheet include the accounts of the Company and its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired during the year are included in the consolidated profit and loss account from the date of their acquisition. Inter-company transactions are eliminated on consolidation and the consolidated accounts reflect external transactions only.

12. ACCOUNTANTS' REPORT (Cont'd)

Goodwill or reserves arising from consolidation represents the difference between the consideration paid for the shares in the subsidiaries and the value of attributable net assets acquired as applicable. Goodwill arising on consolidation is fully written off in the year of acquisition.

(iii) Depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over the estimated useful lives of the assets concerned. The annual rates used are :-

Freehold building	1% - 2%
Long term leasehold property	70 years - 99 years
Furniture, equipment & office Renovation	10% - 20%
Motor vehicle	20%

Freehold land is not depreciated.

Holding cost of leasehold property such as interest and legal fees are capitalised and added to the purchase cost of the properties.

(iv) Property investment

Properties held for investment consist of land cost, finance cost capitalised and other direct costs incurred.

Properties held for investment are not depreciated.

(v) Development properties

Properties held for development consist of freehold and leasehold land, stated at cost and development expenditure cost incurred.

Development properties are not depreciated.

(vi) Income recognition

Rental and dividend incomes are recognised on accrual basis.

Sales and profits on contract work-in-progress are recognised on the percentage of completion method by reference to physical progress on each contract, and after making appropriate provision for uncertainties and estimates to complete. This method is only used at a point where contract revenues and contract costs can be reliably estimated and the costs can be clearly compared with prior estimates. Otherwise revenue should be recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the year in which they are incurred. Provision for foreseeable losses on uncompleted contracts are made in the year in which such losses are determined.

12. ACCOUNTANTS' REPORT (Cont'd)

(vii) Debtors

Known bad debts are written off and specific provision is made for debts which are considered doubtful.

(viii) Development expenditure/(Progress payment)

Development expenditure/(progress payment) consists of freehold and leasehold land, stated at cost, direct cost of developing the property, capitalised financing cost and include profit or loss attributable to development work performed less progress billing and foreseeable losses.

Cost of development on completed but unsold properties is carried forward as stocks of unsold properties.

(ix) Gross amount due from/(to) customers

Invoiced value of contracts in excess of contract cost incurred plus attributable profit (less foreseeable losses) on all contract work in progress represent gross amount due to customers.

Invoiced value of contracts less than contract cost incurred plus attributable profit (less foreseeable losses) on all contract work in progress represents gross amount due from customers.

Cost includes direct materials, labour, sub-contract sum and attributable overheads paid and payable to-date.

(x) Stocks

Stocks consist of completed property held for sale and are stated at the lower of cost and net realisable value.

Cost includes cost of land and construction and interest incurred during the term of construction.

(xi) Investment

Investment are stated at cost and are only written down when the directors consider that there is a permanent diminution in value of the investments.

(xii) Taxation

Provision for taxation is made based on the amount of tax estimated to be payable on profits adjusted for tax purposes. Provision is made by the liability method, for the effects of taxation deferred by capital allowances and other timing differences, except where there is reasonable evidence that the tax effects of such timing differences are not material and are not expected to reverse in the foreseeable future. Debit balances on deferred taxation are not recognised.

12. ACCOUNTANTS' REPORT (Cont'd)**(xiii) Fixed assets acquired under hire purchase arrangements**

The cost of the assets acquired under hire purchase arrangements which in substance transfer the risk and benefits of ownership of the assets to the company are capitalised.

The fixed assets are recorded at lower of the minimum hire purchase instalments or the fair value of the assets at the beginning of the respective hire purchase terms less accumulated depreciation. Assets acquired under such arrangements are depreciated over the useful lives of equivalent owned assets. The depreciation policy on these assets is similar to that of the company's fixed assets depreciation policy.

Outstanding obligation due under the hire purchase arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance charges of hire purchase agreements are allocated to income statements so as to give a constant periodic rate of interest on the outstanding liability at the end of the financial year.

(xiv) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts and deposits.

8.5 FIXED ASSETS**Proforma Group**

	Freehold Building RM'000	Long term Leasehold Properties RM'000	Furniture, equipment & office renovation RM'000	Motor vehicles RM'000	Total RM'000
Cost/Valuation					
Balance b/f	4,731	5,434	5,490	5,792	21,447
Addition	-	2	31	370	403
Disposal	-	-	-	(1,349)	(1,349)
Balance c/f	4,731	5,436	5,521	4,813	20,501
Accumulated Depreciation					
Balance b/f	236	341	2,264	4,353	7,194
Addition	12	19	135	152	318
Disposal	-	-	-	(1,327)	(1,327)
Balance c/f	248	360	2,399	3,178	6,185
Net Book Value	4,483	5,076	3,122	1,635	14,316

12. ACCOUNTANTS' REPORT (Cont'd)

- i) Certain fixed assets of the subsidiaries have been charged to financial institutions for credit facilities granted.
- ii) The cost of fixed assets acquired under finance leases and hire purchase arrangements amounted to approximately RM684,000.

8.6 INVESTMENT PROPERTY**Proforma Group**

The freehold land and building have been pledged to bank for credit facilities granted to the subsidiary.

8.7 DEVELOPMENT PROPERTY

	Proforma Group RM'000
Freehold land – at cost	36,409
Development expenditure	21,619
	<u>58,028</u>

The freehold land has been pledged to financial institutions for credit facilities granted to the subsidiary. Included in development expenditure for the period is interest capitalised amounting to approximately RM816,660.

8.8 OTHER INVESTMENT

	Proforma Group RM'000
Club membership, at cost	<u>293</u>

8.9 GROSS AMOUNT DUE FROM CUSTOMER

	Proforma Group RM'000
Contract cost incurred	153,972
Add : Attributable profit	33,644
	<u>187,616</u>
Less : Progress billings	(185,648)
	<u>1,968</u>

12. ACCOUNTANTS' REPORT (Cont'd)**8.10 DEVELOPMENT EXPENDITURE**

	Proforma Group RM'000
Freehold land – at cost	74,367
Long leasehold land – at cost	11,885
Development expenditure – at cost	<u>258,118</u>
	344,370
Proportion of estimated profit accrued on properties sold	<u>138,606</u>
	482,976
Less : Progress billings	<u>(423,528)</u>
	<u>59,448</u>

The freehold land has been pledged to financial institutions for credit facilities granted to the subsidiary.

Included in development expenditure for the financial period are:

	Proforma Group RM'000
Interest expense	1,944
Depreciation	<u>92</u>

8.11 STOCKS

	Proforma Group RM'000
Completed properties held for sale	<u>41,907</u>

8.12 OTHER DEBTORS**Proforma Group**

Included in other debtors are amounts of approximately RM72,000 and RM550,000 due from companies in which certain directors have interest and due from directors respectively.

8.13 DUE FROM ULTIMATE HOLDING COMPANY**Company**

The ultimate holding company is DRB-HICOM Berhad, a company incorporated in Malaysia.

The amount due is unsecured, interest free with no fixed term of repayment.

12. ACCOUNTANTS' REPORT (Cont'd)

8.14 FIXED DEPOSITS

Proforma Group

Certain fixed deposits have been pledged with licensed banks as security for banking facilities granted to the subsidiaries.

8.15 GROSS AMOUNT DUE TO CUSTOMER

	Proforma Group RM'000
Contract cost incurred	192,462
Add : Attributable profit	21,221
	<u>213,683</u>
Less : Progress billings	(215,537)
	<u>(1,854)</u>

Retention sum on contracts included under trade receivables is approximately RM6,521,000.

8.16 OTHER CREDITORS

Proforma Group

Included in the other creditors is an amount of approximately RM15,000 due to companies in which certain directors within the subsidiaries have interest.

8.17 HIRE PURCHASE CREDITORS

	Proforma Group RM'000
Hire purchase instalments due :	
Within next 12 months	270
After next 12 months	357
	<u>627</u>

8.18 BANK BORROWINGS

	Proforma Group RM'000
Revolving credit	9,283
Bank overdraft	2,517
Bridging loan	17,392
Term loan	34,317

12. ACCOUNTANTS' REPORT (Cont'd)

	63,509
Repayable within 12 months	<u>(13,578)</u>
	<u>49,931</u>

Proforma Group

The bank overdraft and revolving credit bear interest at 1.5% to 2% above bank's base lending rate per annum.

The bridging and term loans bear interest at 1% to 2% above bank's base lending rate per annum and are repayable by specific or monthly instalments or redemption of units sold.

The bank borrowings are secured by :-

- a) Memorandum of deposit of shares of the subsidiaries.
- b) Charge over landed and development properties of the subsidiaries.
- c) Debentures giving fixed and floating charges over the assets of the subsidiaries.
- d) Power of attorney to the banks in the event of default.
- e) Joint and several guarantee by Directors of the subsidiaries.
- f) Supplement facilities agreements.
- g) Deposit of membership license certificate of the subsidiary.

8.19 SHARE CAPITAL

	Company/ Proforma Group RM'000
Ordinary shares of RM1.00 each	
Authorised:	
At beginning of year	200,000
Increase pursuant to the restructuring scheme	800,000
At end of year	<u>1,000,000</u>
Issued and fully paid:	
At beginning of year	174,176
Issue pursuant to bonus issue	174,176
At end of year	<u>348,352</u>

12. ACCOUNTANTS' REPORT (Cont'd)

8.20 SHARE PREMIUM

	Company/ Proforma Group RM'000
Balance at beginning of year	121,732
Utilised to issue bonus shares	<u>(118,732)</u>
	3,000
Listing expenses	<u>(3,000)</u>
	-
Arising from the issuance of warrants	<u>250</u>
	<u>250</u>

8.21 DUE TO DIRECTORS

Proforma Group

The amount due to Directors is unsecured, bears interest of 10% per annum and has no fixed term of repayment. The amount due to directors has been subordinated for a syndicated term loan granted to one of the subsidiaries.

8.22 DEFERRED TAXATION

Proforma Group

The deferred tax liability is in respect of timing differences between depreciation and corresponding capital allowances on fixed assets.

8.23 CONTINGENT LIABILITY

	Proforma Group RM'000
Corporate guarantee given to banks in respect of facilities extended to subsidiary companies	7,235
Investment pledged to financial institution for loan granted to subsidiary companies	1,547
Bank guarantee given to third parties on performance contract	<u>2,405</u>

12. ACCOUNTANTS' REPORT (Cont'd)**8.24 CAPITAL COMMITMENT**

	Proforma Group RM'000
Balance of the purchase consideration for acquisition of subsidiary companies	<u>2,636</u>

8.25 SIGNIFICANT/SUBSEQUENT EVENTS**Company**

On 13 March 2001, the Company announced that it had entered into the following conditional sales and purchase agreements and deed of assignments (for item (ii) below) on 12 March 2001 in relation to the following:-

- (i) proposed acquisition of the entire issued and paid-up capital of KCR for a purchase consideration of RM87,891,467 (subsequent revised to RM96,928,160) to be satisfied by way of cash;
- (ii) proposed acquisition of approximately 69.12% equity interest of BRD for a purchase consideration of RM49,113,513.20 to be satisfied by way of cash and the proposed assignment to the Company of the advances to BRD by a director and the holding company of BRD totalling RM30,886,486.80 for a cash consideration of the same amount; and
- (iii) proposed acquisition of the entire issued and paid-up capital of DR for a purchase consideration of RM38,000,000 to be satisfied by way of cash.

As announced on 27 April 2001, the above proposed acquisitions form an integral part of the proposed restructuring of the Company which would encompass the following:-

- (i) proposed bonus issue of 174,176,464 new ordinary shares of RM1.00 each in the Company on the basis of one (1) new ordinary share in the Company for every one (1) existing ordinary share of RM1.00 each in the Company held.
- (ii) proposed placement of up to 104,158,000 existing ordinary shares of RM1.00 each in the Company at a placement price to be negotiated with the placees.
- (iii) proposed offer for sale of 122,280,000 existing ordinary shares of RM1.00 each in the Company to Directors, employees, to the public and bumiputera investors to be nominated by MITI and/or the Company at an offer price to be determined later.

The proposed restructuring above was approved by the FIC, the MITI and the SC.

On 15 October 2001, the Company announced its proposal to issue up to 174,176,464 new warrants on the basis of one (1) warrant for every two (2) existing ordinary shares held in the Company after the proposed acquisitions and proposed bonus issue, but before the proposed placement and proposed offer for sale at an aggregate consideration of RM250,000 (i.e. approximately 0.14 sen per warrant).

12. ACCOUNTANTS' REPORT (Cont'd)

As part of the proposed placement and proposed offer for sale, the Company proposes to attach for free, one (1) warrant for every two (2) existing ordinary shares of RM1.00 each placed/offered pursuant to the proposed placement and proposed offer for sale.

The revised proposed offer for sale, revised proposed placement and proposed warrants issue have been approved by the SC, FIC and MITI and is subject to the approval from the shareholders.

On 15 February 2002, the Company paid a first interim dividend of 2.305 sen gross per share less income tax of 28% amounting to RM2,890,003.39.

Subject to the tax recoverable from IRB, the Company proposes to pay a second interim dividend of 1.183 sen gross per share less income tax of 28% amounting to RM1,484,175.56 on or before 9 May 2002.

9 PROFORMA NET TANGIBLE ASSETS COVER

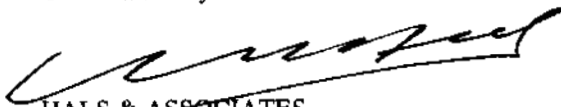
Based on the statement of assets and liabilities of the Proforma Group as at 30 September 2001, the proforma net tangible assets ("NTA") cover per share after the restructuring scheme would be as follows:

NTA as per Proforma Group's statement of assets and liabilities (RM'000)	400,563
Number of ordinary shares of RM1.00 each in issue ('000)	348,352
Proforma NTA cover per share (RM)	1.15

10 ACCOUNTS

No audited accounts have been prepared in respect of any period subsequent to 30 September 2001.

Yours faithfully



HALS & ASSOCIATES
AF 0755
Chartered Accountants (M)



SUBRAMANIAM SANKAR
No 925/02/04 (J/PH)
Partner