

ANALABS RESOURCES BERHAD

(Company No.: 468971-A)

*(Incorporated in Malaysia under the Companies Act, 1965)***1. SUMMARY INFORMATION**

The following information was derived from the full text of this Prospectus and should be read in conjunction with the full text of the Prospectus.

1.1 History and Business

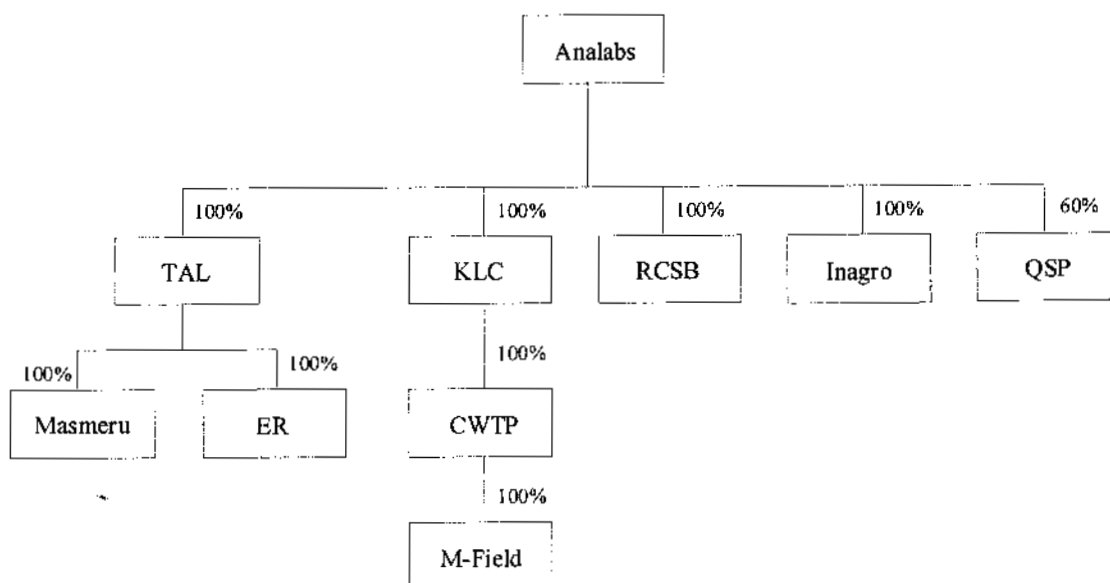
Analabs was incorporated in Malaysia as a public limited company on 16 September 1998 under the Companies Act. It was established to become the investment holding company of the Group in conjunction with the listing of the Group on the Second Board of the KLSE. The principal activities of the subsidiary companies of Analabs are as follows:

Subsidiary Companies	Date & Country Of Incorporation	Issued And Paid-Up Capital (RM)	Equity Interest Held (%)	Principal Activities
Subsidiaries of Analabs				
TAL	30.12.1974 Malaysia	50,000	100	Environmental testing, chemical analyses, the design and commissioning of waste water treatment plants and investment holding
KLC	13.3.1982 Malaysia	300,000	100	Trading of industrial chemicals and chemical related products
RCSB	16.10.1985 Malaysia	4,000,000	100	Recovery, recycling and treatment of liquid and solid industrial waste
Inagro	7.4.1981 Malaysia	1,000,000	100	Repacking and formulation of agro-chemicals and the provision of handling and warehousing services
QSP	4.8.1995 Malaysia	100,000	60	Trading of industrial solvents
Wholly-owned subsidiaries of TAL				
Masmeru	11.10.1983 Malaysia	50,001	100	Property letting
ER	19.4.1985 Malaysia	3,100	100	Property letting
Wholly-owned subsidiary of KLC				
CWTP	5.8.1988 Malaysia	300,004	100	Recovery and recycling of industrial waste
Wholly-owned subsidiary of CWTP				
M-Field	12.4.1985 Malaysia	9,000	100	Property letting

The Company currently does not have any associated companies. Further information on the subsidiary companies of Analabs are set out in Section 8.5 of this Prospectus.

1. SUMMARY INFORMATION (Cont'd)

The Group structure can be summarised as follows:



1.2 Financial Highlights

The following table sets out a summary of the proforma consolidated results of the Group for the past five (5) financial years ended 30 April 1999 and the five (5) month period ended 30 September 1999. It should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10 of this Prospectus.

	----- Audited ----->					Five (5) month period ended 30.09.99 RM'000
	----- Year Ended 30 April ----->					
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	15,378	19,422	22,943	28,126	30,863	16,777
Consolidated profit before taxation, exceptional item and minority interest	4,036	5,122	6,836	9,565	9,913	5,468
Taxation	(28)	(408)	(624)	(1,360)	(911)	(605)
Consolidated profit after taxation but before exceptional item and minority interest	4,008	4,714	6,212	8,205	9,002	4,863
Exceptional item	-	(495)	-	-	-	-
Consolidated profit after taxation and exceptional item but before minority interest	4,008	4,219	6,212	8,205	9,002	4,863
Minority interest	-	(12)	(30)	(58)	14	(25)
Consolidated profit after taxation and minority interest	4,008	4,207	6,182	8,147	9,016	4,838
No. of ordinary shares assumed to be in issue ('000)	40,000	40,000	40,000	40,000	40,000	40,000
Gross EPS (RM)	0.10	0.12	0.17	0.24	0.25	0.33 *
Net EPS (RM)	0.10	0.11	0.16	0.21	0.23	0.29 *
Gross dividend rate (%)	3.00	8.00	15.00	-	-	0.80

1. SUMMARY INFORMATION (Cont'd)

Note :

1. *The Group's proforma consolidated financial results comprise the audited accounts of the Company and its subsidiaries, TAL, KLC, CWTP, RCSB, Inagro, QSP, Masmeru, ER and M-Field after making relevant adjustments considered appropriate for the respective years. The proforma consolidated results have been prepared based on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of the individual companies.*
2. *The increase in turnover and profit before taxation by approximately RM5.18 million and RM2.73 million respectively from 1997 to 1998 was mainly due to the increase in industrial waste recovery and recycling services as a subsidiary of Analabs Group began operating at a mature capacity.*
3. *The effective tax rate was lower at 0.7% in 1995 as compared to the statutory tax rate 30% because there was a full reversal of taxation charge for a subsidiary of the Group as the subsidiary that was granted pioneer status under the Promotion of Investment Act, 1986 with effect from 1 August, 1992. This reversal was one-off and did not effect taxation charge for 1996 and hence the effective tax rate reverted to a higher level for the year.*
4. *The higher effective tax rate for 1998 was due to transfers to deferred taxation resulting from depreciation expense being disallowed for taxation purposes.*
5. *The net EPS has been calculated based on the net consolidated profit after taxation and minority interest and number of ordinary shares assumed to be in issue of 40,000,000 Analabs shares of RM1.00 each after the Acquisitions of TAL, KLC, Inagro, RCSB and QSP for each year under review.*
6. *The exceptional item in 1996 was related to settlement arising from a legal claim by a contractor.*
7. *There were no extraordinary items during the period under review.*
8. *The Company did not earn any income or incur any expenditure during the financial period from 16 September, 1998, being the date of incorporation, to 30 April, 1999 and the five (5) month financial period ended 30 September, 1999 except expenditure deferred as preliminary and pre-operating expenses in the balance sheet. In addition, no dividends were declared or paid by the Company for each period under review.*

* Annualised

1.3 Principal Statistics Relating To The Public Issue

(a) **Share Capital**

Authorised:	RM
50,000,000 ordinary shares of RM1.00 each	50,000,000
Issued and fully paid-up:	
33,780,000 ordinary shares of RM1.00 each	33,780,000
To be issued pursuant to Public Issue:	
6,220,000 ordinary shares of RM1.00 each	6,220,000
Total	40,000,000

(b) **Issue Price Per Ordinary Share** RM1.70

(c) **Proforma Consolidated NTA**

Proforma Consolidated NTA as at 30 September 1999 (RM'000) ¹	66,482
Proforma Consolidated NTA per ordinary share (RM) ²	1.66

1. SUMMARY INFORMATION (Cont'd)*Notes:*

1. *Net of estimated listing expenses of RM1,500,000*
2. *Based on the enlarged issued and paid-up share capital of 40,000,000 ordinary shares of RM1.00 each after the Public Issue.*

(d) Consolidated Profit Estimate and Forecast

	Estimate 2000 RM'000	Forecast 2001 RM'000
Financial Years Ending 30 April		
Consolidated profit before taxation and minority interest	12,314	18,357
Less : Pre-acquisition profits	(457)	-
Post-acquisition consolidated profit before taxation and minority interest	11,857	18,357
Less : Minority interest	(76)	(36)
Consolidated profit before taxation but after minority interest	11,781	18,321
Less : Taxation	(1,995)	(3,020)
Consolidated profit after taxation and minority interest	9,786	15,301
Weighted average / number of issued and paid-up share capital ('000)	12,193	40,000
Gross EPS (sen)	96.62	45.80
Net EPS (sen)	80.26	38.25
Gross PE Multiple based on the issue price of RM1.70 per ordinary share (times)	1.76	3.71
Net PE Multiple based on the issue price of RM1.70 per ordinary share (times)	2.12	4.44

(e) Dividend Estimate and Forecast

	Estimate 2000	Forecast 2001
Financial Year Ending 30 April		
Gross dividend per ordinary share (sen)	*5.00	5.50
Gross dividend yield based on the Public Issue price of RM1.70 per ordinary share (%)	2.94	3.24
Net dividend yield (%)	2.12	2.33
Net dividend cover (times)	6.80	9.66

- * *The holders of the Public Issue Shares will be entitled to the estimate dividends for the financial year ending 30 April 2000.*

2. INTRODUCTION

This Prospectus is dated **23 March 2000**. A copy of this Prospectus has been lodged with and registered by the ROC who takes no responsibility for its contents.

Approval in-principle has been obtained from the KLSE for the admission to the Official List and for dealing in and quotation for the entire issued and fully paid-up ordinary shares of Analabs, including the Public Issue Shares which is the subject of this Prospectus, on the Second Board of KLSE. These ordinary shares will be admitted to the Second Board of the KLSE and official quotation will commence after receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of the applications will be conditional upon permission being granted to deal in and quotation for all the issued shares of the Company. Monies paid in respect of any application accepted will be returned if the said permission is not granted.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991 and Section 39(1)(j) of the Companies Act, 1965, the KLSE has prescribed Analabs as a CDS counter. In consequence thereof, the shares issued through this Prospectus will be deposited directly with MCD and any dealings in these shares will be carried out in accordance with the aforesaid Acts and the Rules of MCD.

An applicant should state his CDS Account number in the space provided in the Application Form if he presently has such an account. Where an applicant does not presently have a CDS Account, he should state in the Application Form his preferred ADA Code.

The KLSE assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed in this Prospectus. Admission to the Official List of the Second Board of the KLSE is not to be taken as an indication of the merits of the Company or of its ordinary shares.

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and if given or made, such information or representation must not be relied upon as having been authorised by Analabs. Neither the delivery of this Prospectus nor any Public Issue made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Analabs Group since the date hereof.

The distribution of this Prospectus and the sale of the Public Issue Shares in certain other jurisdictions may be restricted by law. Persons into whose possession this Prospectus may come are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation of an offer to buy any Public Issue Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such invitation.

Neither Analabs nor Aseambankers shall accept any responsibility or liability in the event that any application or acceptance in or shall become illegal or void in the country or jurisdiction in which the applicant or shareholder is resident.

If you are in any doubt about this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

3. SHARE CAPITAL

Authorised:	RM
50,000,000 ordinary shares of RM1.00 each	50,000,000
Issued and fully paid-up:	
33,780,000 ordinary shares of RM1.00 each	33,780,000
To be issued pursuant to Public Issue:	
6,220,000 ordinary shares of RM1.00 each	6,220,000
Total	40,000,000

The issue price of RM1.70 per Public Issue Share is payable in full upon application.

There is only one class of shares in the Company, namely, ordinary shares of RM1.00 each, all of which rank pari passu with one another. The Public Issue Shares will rank pari passu in all respects with the other existing issued ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the ordinary shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and the whole of any surplus in the event of the liquidation of the Company, in accordance with its Articles of Association.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held.

4. INVESTMENT CONSIDERATIONS

Applicants for the Public Issue Shares should carefully consider the following in addition to all the other relevant information contained elsewhere in this Prospectus, before applying for the Public Issue Shares:

(a) **Marketability Of Analabs Shares**

Prior to this Public Issue, there has been no public market for the Analabs shares. The Public Issue price of RM1.70 per ordinary share for the Public Issue Shares has been determined after taking into consideration a number of factors, including but not limited to, the Analabs Group's financial and operating history and condition, its prospects and the prospects for the industries in which the Analabs Group operates, the management of the Analabs Group and the prevailing market conditions at the time the application for listing of Analabs was submitted to the SC. There can be no assurance that the Public Issue price will correspond to the price at which Analabs shares will trade on the Second Board of the KLSE upon or subsequent to its listing or that an active market for Analabs shares will develop and continue upon or subsequent to its listing.

(b) **Ownership And Control Of The Group**

Upon completion of the Public Issue, Kan Yow Kheong who is the Executive Chairman will effectively hold 41.87% equity interest in the Company. Consequently, it is likely that Kan Yow Kheong will be able to effectively control the outcome of certain matters requiring the votes of the Company's shareholders.

(c) **Business Risks**

The Analabs Group is subject to the inherent risks existing in the industrial waste recovery industry. These include demand for the recycled products in the domestic market; supply of materials; equipment and labour; changes in general economy business and credit conditions; competition and substitute products; and changes in government legislations and policies. The Group aims to mitigate such risks by widening its domestic markets through new markets, diversifying into new products, improving and emphasising on research and development activities, constant cost control and strengthening its marketing and distribution chain. Whilst the Analabs Group seeks to limit this risk, no assurance can be given that any change to those factors will not have a material adverse effect on the Group's business.

(d) **Dependency Of Key Personnel**

The expertise and ability of the management in managing the Analabs Group in the past has placed reliance upon the existing Directors and senior management on the future success of the Group. The Group operates on a flat organisational structure with Kan Yow Kheong as the Executive Chairman who provides the business focus and direction. He is assisted by a strong team of professionals comprising of chemists and accountants. Strong emphasis is placed on job training and job rotation resulting in multi-tasking performance. The performance of staff is evaluated through weekly appraisals to enable the management to monitor the staff's ability to achieve set targets for a particular week. The continuous efforts by the management in implementing these measures have succeeded in developing a team of competent and productive personnel who are able to carry out the day to day activities of the Group effectively and efficiently. Measures and precautions have been taken in grooming younger members of the senior management team in assisting the more senior key personnel to operate and manage the Group's activities. The Group's future success will also depend upon its ability to attract and retain skilled personnel.

4. **INVESTMENT CONSIDERATIONS (Cont'd)**

(e) Competition

The Group is in a niche market in the recovery and recycling of industrial waste. The entry of new players into this market segment is restricted to a certain extent by the fact that the technology involved is not readily for sale. Given strong efforts from both the government and industrialists to move into cleaner and more environmentally friendly business practice, the option of recycling as a means of waste management, as opposed to the disposal via landfill, will always be the preferred choice. Although some competitors are in the same business, for example recycling of industrial solvents, the Group is of the view that its business is complementary because of the huge amount and the wide variety of untreated waste types. The Group has distinguished itself from sheer waste management operators by providing a total 'cradle to grave' waste management solution of providing lab services, environmental engineering, industrial waste collection and supply of waste treatment chemicals. Additionally, licences issued are restricted to only a few companies in the industry.

The Group's ability to offer product substitution, for example, recycled solvents for virgin solvents, is another competitive advantage which the Group is able to create for themselves. By offering substitution at prices lower than the original, the Group has been able to differentiate its products from the rest and therefore create a niche for this market segment.

(f) Political And Economic Considerations

Adverse development in political and economic conditions in Malaysia could unfavorably affect the financial prospects of the Company. Other political and economic uncertainties include changes in interest rates and methods of taxation.

(g) Profit Estimate and Forecast

This Prospectus contains profit estimate and forecast for the financial year sending 30 April 2000 and 2001 for Analabs that are based on assumptions, which the Directors deem to be reasonable, but which nevertheless are subject to uncertainties and contingencies. Due to the subjective judgements and inherent uncertainties of forecast and because events and circumstances frequently do not occur as expected, there can be no assurance that the forecast contained herein will be realised and actual results may be materially different than those shown. Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the estimate and forecast that are contained herein.

(h) Disclosure Regarding Forward - Looking Statements

This Prospectus contains forward-looking statements, i.e. those other than statements of historical facts. Although the Group believes that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such expectations will prove to have been correct. Any differences in the expectations of the Group from its actual performance may result in the Group's financial and business performance and plans to be materially different from those anticipated.

4. INVESTMENT CONSIDERATIONS (Cont'd)

(i) Millennium Bug

The Millennium Bug or the Year 2000 ("Y2K") problem arises from the use of electronic equipment and computerized systems, databases and applications that requires dates in order to operate and store or use those dates as two (2) digits (e.g. "00") rather than four (e.g. "1900" or "2000"). At the rollover into year 2000, the possibility exists of computerized systems interpreting the two-digit representation of the year 2000 (i.e. "00") as the year 1900. This poses the risk of systems failure or serious computational errors and complications.

Prior to the end of the 1999, the Group had taken and completed all known and relevant measures to ensure minimal, if any, disruption to the Group's operations and business, which may arise from the Y2K or 'millennium bug' problem. All computer and other hardware and software known to be non-compliant has been replaced or rectified. A Y2K project team, headed by the Executive Chairman, has tested and certified all critical areas of operations to be Y2K-compliant.

Having started the new millennium without any Y2K-related disruption, the management is confident that the remedial measures adopted have been effective and therefore believes that the exposure of the Group to any disruption arising from any remaining and unresolved Y2K-related issues is minimal. Nevertheless, contingency measures remain in place to mitigate the impact of any such disruption on the Group's operations.

Save as disclosed above, the Group is not vulnerable to any specific factors or events.

(j) Dependence On Customers And Suppliers

The Group's revenue base is not captive to a single customer or group of customers or industry. Industrial waste management services offered by the Group can be marketed to most industrial sectors in the country. While the waste streams or industrial residues vary across industries, the ability of the Group to treat these residues is limited only by the adaptability of the facilities and processes.

Presently, the clientele base for the Group's core business activity of industrial waste management and materials recovery is drawn largely from the metal-related and electrical and electronics, automotive and paint industries. In the industrial chemicals trading division, the products are similarly marketed to a broad variety of industries, such as electronics and electrical, chemicals, paint, textiles and food processing. As such, in its industrial waste management and materials recovery and industrial chemicals division, Analabs is not captive to any one customer or industrial sub-sector.

Most of the input or raw materials required for Analabs' operations, are common industrial chemicals, which are readily available from any supplier. As such, the management does not believe any of the Group's operations to be dependent on or captive to any single supplier.

5. CORPORATE INFORMATION

BOARD OF DIRECTORS

Name	Address	Occupation	Nationality
Kan Yow Kheong <i>(Executive Chairman)</i>	23-03, Block B Fraser Towers 92, Jalan 5/60 46000 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Mohammad Nadzri Bin Jamaluddin <i>(Executive Director)</i>	No. 5, Taman Jati Batu 1 1/2, Jalan Kota Raja 41000 Klang Selangor Darul Ehsan	Company Director	Malaysian
Lim Yoke Soo <i>(Executive Director)</i>	13, Jalan Daya 5/2 Taman Daya, Kepong 51200 Kuala Lumpur	Company Director	Malaysian
Tan Cheah Boo <i>(Executive Director)</i>	5-4-15, Jalan 3/149B Taman Sri Endah Bandar Baru Sri Petaling 57000 Kuala Lumpur	Company Director	Malaysian
Wong Chew Har <i>(Executive Director)</i>	No. 28, Jalan BK 3/3B Bandar Kinrara 58200 Kuala Lumpur	Company Director	Malaysian
Heng Aik Peng @ Wang Ten Aun <i>(Executive Director)</i>	3, Jalan Seri Siantan 45 Taman Sri Andalas 41200 Klang Selangor Darul Ehsan	Company Director	Malaysian
Wong Maw Chuan <i>(Executive Director)</i>	6, Jalan BK 3/8F Bandar Kinrara Puchong 58200 Kuala Lumpur	Company Director	Malaysian
Yong Chee Hou <i>(Executive Director)</i>	29, Jalan Terasek 1 Bangsar Baru 59100 Kuala Lumpur	Company Director	Malaysian
Ali Riza Bin A. Samad <i>(Independent Non- Executive Director)</i>	63, Jalan SS1/19 Kampung Tunku 47300 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Kamilah Bte Kasim <i>(Independent Non- Executive Director)</i>	5, SS1/22B 47300 Petaling Jaya Selangor Darul Ehsan	Legal Adviser	Malaysian

5. CORPORATE INFORMATION (Cont'd)

AUDIT COMMITTEE

Name	Responsibility	Directorship
Ali Riza Bin A. Samad	Chairman	Independent Non- Executive Director
Kamilah Bte Kasim	Member	Independent Non- Executive Director
Kan Yow Kheong	Member	Executive Chairman

COMPANY SECRETARY : Khoo Chew Moey
(MAICSA 7000508)
3 Jalan Pandan 10
Pandan Jaya
55100 Kuala Lumpur

Chee Sock Kion
(LS 00406)
5 Jalan DP 1/5F
Bandar Damai Perdana
56000 Kuala Lumpur

REGISTERED OFFICE : Suite 102, B09/2 Block B
Second Floor
Pusat Perdagangan Taman Dagang
Jalan Dagang Besar
68000 Ampang
Selangor Darul Ehsan

PRINCIPAL BANKERS : Arab-Malaysian Bank Berhad
Level 18, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur

Hong Leong Bank Berhad
31 and 33, Jalan 1/116B
Kuchai Entrepreneur Park
Off Jalan Kuchai Lama
58000 Kuala Lumpur

RHB Bank Berhad
30, Ground and First Floor
Jalan 7/108C
Jalan Sungei Besi
57100 Kuala Lumpur

RHB Bank Berhad
178-180, Main Street
Salak South
57100 Kuala Lumpur

5. CORPORATE INFORMATION (Cont'd)

AUDITORS AND REPORTING ACCOUNTANTS	: Arthur Andersen & Co Public Accountants Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur
SOLICITORS FOR THE PUBLIC ISSUE	: K. Jeyaraj & Co Advocates & Solicitors Suite No 1, Third Floor Wisma Tek Lee 38, Jalan Tun Perak 50050 Kuala Lumpur
VALUERS	: Khong & Jaafar Sdn Bhd (31218-T) 57-1, Jalan Telawi Tiga Bangsar Baru 59100 Kuala Lumpur Jones Lang Wootton 2 nd Floor, Standard Chartered Bank Chambers No 2, Lebuhr Pantai 10300 Penang
ISSUING HOUSE	: MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H) Tingkat 12, Bangunan MJDF 195A, Jalan Tun Razak 50400 Kuala Lumpur
REGISTRARS	: Malaysian Share Registration Services Sdn Bhd (378993-D) 7 th Floor, Exchange Square Bukit Kewangan 50200 Kuala Lumpur
ADVISER AND MANAGING UNDERWRITER	: Aseambankers Malaysia Berhad (15938-H) 33rd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur
UNDERWRITER	: Hwang-DBS Securities Berhad (14389-U) Level 8 Wisma Sri Pinang 60 Green Hall 10200 Penang
LISTING SOUGHT	: Second Board of the Kuala Lumpur Stock Exchange

6. PARTICULARS OF THE PUBLIC ISSUE

6.1 Opening And Closing Of Application Lists

The Application Lists will open at 10.00 a.m. on 7 April 2000 and will remain open until the same day or for such further period or periods as the Directors of the Company in their absolute discretion may decide.

6.2 Details Of The Public Issue

The Public Issue shall be subject to the terms and conditions of this Prospectus and upon acceptance, the Public Issue Shares will be allocated in the following manner:

(i) **Eligible Directors And Employees Of The Analabs Group**

671,000 Public Issue Shares will be reserved for eligible Directors and employees of the Analabs Group.

(ii) **Malaysian Public**

5,549,000 Public Issue Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

The ordinary shares under paragraphs (i) above do not require to be underwritten and are therefore not underwritten. However, in the event that any of the Public Issue Shares under paragraph (i) above are not taken up by the eligible Directors and employees of the Analabs Group, such Public Issue Shares will be made available for application by members of the Malaysian investing public. All the Public Issue Shares under paragraph (ii) above have been fully underwritten together with any ordinary shares not subscribed for by the eligible Directors and employees of the Analabs Group under paragraph (i) above.

6.3 Purposes Of The Public Issue

The purposes of the Public Issue are as follows:

- (i) to provide an opportunity for the Malaysian public and eligible Directors and employees of the Analabs Group to participate in the continuing growth of the Group;
- (ii) to provide Analabs Group with access to the capital market to raise funds to finance the future growth and expansion of the Group; and
- (iii) to obtain a listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of the KLSE.

6.4 Proceeds Of The Public Issue And Rights Issue

The Public Issue and Rights Issue are expected to raise gross proceeds of RM33.001 million which shall accrue to the Company. The Company shall bear all expenses such as brokerage and underwriting commission, registration and share transfer fee relating to the Public Issue together with all other expenses and fees incidental to the listing of and quotation for the entire issued and paid-up capital of Analabs on the Second Board of the KLSE estimated at RM1,500,000.

6. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

6.5 Underwriting Commission And Brokerage

The Managing Underwriter and the Underwriter mentioned in Section 5 of this Prospectus have agreed to underwrite the 5,549,000 Public Issue Shares to be made available to the Malaysian public and any ordinary shares not subscribed for by the eligible Directors and employees of the Analabs Group under paragraph 6.2(i) above. Underwriting commission relating to the Public Issue Shares to be underwritten is payable by the Company at the rate of 1.50% of the Public Issue price of RM1.70 per ordinary share.

Brokerage relating to the Public Issue Shares is payable by the Company at the rate of 1.0% of the Public Issue price of RM1.70 per ordinary share in respect of successful applications which bear the stamp of Aseambankers, a member company of the KLSE, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or MIDFCCS.

6.6 Moratorium on Sale of Shares

It is a condition of the SC vide its approval letter dated 5 November 1999 that, the substantial shareholders/promoters of Analabs are not allowed to sell, transfer or assign their shares in Analabs amounting to 18,000,000 which represents 45% of the enlarged issued and paid-up capital of Analabs for a period of one year from the date of admission of Analabs to the Second Board of the KLSE. Thereafter, they are permitted to sell, transfer or assign their shares in Analabs subject to a maximum of a third per annum (on a straight line basis) of their shareholdings in Analabs.

On completion of the Public Issue, Kan Yow Kheong and Mohammad Nadzri Bin Jamaluddin will hold 28,749,500 ordinary shares of RM1.00 each in Analabs, representing 71.87% equity interest therein. The moratorium on sale of shares by Kan Yow Kheong and Mohammad Nadzri Bin Jamaluddin as imposed by KLSE and the SC are as follows :

Substantial Shareholder	Shareholding After The Public Issue		Shares Placed Under Moratorium	
	No. Of Ordinary Shares Held	% Of Issued And Paid-Up Capital	No. Of Ordinary Shares Held	% Of Issued And Paid-Up Share Capital
Kan Yow Kheong	16,749,500	41.87	10,566,000	26.41
Mohammad Nadzri Bin Jamaluddin	12,000,000	30.00	7,434,000	18.59
Total	28,749,500	71.87	18,000,000	45.00

The restriction is fully accepted by Kan Yow Kheong and Mohammad Nadzri Bin Jamaluddin.

The endorsement to be affixed on the share certificate of the moratorium shares are as follows:

“The share comprised herein are not capable of being sold, transferred or assigned for a period as determined by the SC (“the Moratorium Period”). Accordingly, the shares comprise herein will not constitute good delivery pursuant to the Rules of the KLSE during the Moratorium Period. No share certificate or certificates will be issued to replace this certificate during the Moratorium Period, unless the same shall be endorsed with this restriction.”

7. INDUSTRY OVERVIEW

7.1 Industry Overview

The emergence of an industry dedicated to the preservation, management and recuperation of the environment in the last decade or two is testament to the awakening of public awareness over the urgency and importance of looking after the environment. Before the introduction of specific hazardous waste regulations in the industrialized world, most industrial wastes were disposed off in landfills, stored in surface impoundments such as lagoons or pits, discharged into surface waters with little or no treatment or burned. Mismanagement of industrial as well as hazardous waste has resulted in polluted groundwater, streams, lakes and rivers as well as damage to wildlife and vegetation.

In recent years, the issue of hazardous waste management has been of growing concern to the public, industrial and government sector in Malaysia. Hazardous waste is an inevitable consequence of industrial development that has taken place in Malaysia during the past few decades. The increasingly educated and informed populace has shown growing concern over the proper and safe disposal of toxic and hazardous waste in Malaysia.

Since the first implementation of the Environmental Quality Act in 1974, the attitude of industry towards environment protection and pollution abatement has changed from the initial reluctant attitude to the present day compliance stance. While awareness and compliance among major industrialists in Malaysia has been growing, the majority of the smaller businesses remain ignorant of the impact of the mishandling of the waste generated from their activities.

7.2 State Of The Industry In Malaysia

Malaysia has made great strides in its economic development. As a major primary commodity producer and due to its abundant natural resources, Malaysia shifted its focus from raw material production to manufacturing. This accelerated the rate of industrialization, causing damage to the environment. As a result, the Environmental Quality Act, 1974 was enacted consequently establishing, the DOE a year later.

In Malaysia, the propensity to handle industrial waste in an environmentally sound manner is directly correlated to the intensity of efforts by the authorities in enacting and enforcing environmental laws and regulating waste generating activities. The growth of the hazardous or scheduled waste management industry can be deduced from the increase in the number of licenses issued for specific activities, the number of offenses recorded and compliance with the reporting requirements for scheduled waste.

The number of licences issued for all manner of activities and facilities involving scheduled wastes rose from a total of 59 in 1993 to 174 in 1998. This represents a significant increase in the level of awareness of the scheduled waste business. Licences issued specifically for off-site recovery grew from 7 to 30 over the same period. Incineration also grew in popularity as a means of ultimate disposal with number of licences issued increasing from 4 to 29. *(Source : Malaysia Environment Report 1998, Department of Environment, Ministry of Science, Technology and the Environment Malaysia, 30 September 1999).*

7. INDUSTRY OVERVIEW (Cont'd)

7.3 Cyclical And Demand

Unlike some sectors of the economy which experience cycles in the levels of activity, the waste management and recovery industry faces no such cyclicity and is unlikely to encounter such a phenomenon in the future. This is due to the fact that as long as there is industrial activity, waste will be generated which needs to be managed. Since the 'client base' for the resource and residual recovery industry encompasses the entire industrial sector, it is extremely unlikely that there will be a significant cycle in the level of recovery activity.

Demand for waste management and materials recovery services are driven by social and environmental concerns, legal requirements and commercial considerations. Heightened environmental awareness and legal requirements leading to public pressure clearly raises the demand for services to render hazardous wastes innocuous or to dispose of them completely. In developed countries, waste generators may explore waste materials recovery as a cost-effective means to handle the waste problem and to reduce their cost of materials simultaneously. As such, commercial considerations can motivate the demand for waste management services. Within the Malaysian context, demand has been growing primarily due to the legal requirements and increasing vigilant enforcement by the authorities.

7.4 Industry Life-cycle

The development of the scheduled waste management industry is highly correlated with the development and growth of the industrial sector of the economy. Industries generate waste materials which can be disposed off, which means the elimination via incineration, or storage in waste dumps. Alternatively, the waste materials may be 'converted' into less harmful and even useful products through recovery and recycling.

In 1970, the manufacturing sector accounted for 14.8% of Malaysia's GDP. At the end of 1985, this share increased to 19.7%. With the shift in national economic strategy, the share of value-added contributed by the manufacturing industry to national GDP was 33.1% by 1995. (Source : *Second Industrial Master Plan, 1996-2005, Ministry of International Trade and Industry, 28 November 1996*).

The growth of the industrial sector and its attendant wastes eventually brought on the enactment of environmental laws regulating the handling of industrial waste. Hazardous industrial wastes or scheduled wastes regulations were established in 1989. The waste management industry, beyond wastewater management, is, in general, in the embryonic stage, with some sub-sectors still in infancy.

With the Malaysian economy in the growth stage, environmental concerns and waste management issues are growing in importance. Environmental concern is quickly transcending political borders, as awareness grows of the global threat posed by environmental degradation.

7.5 Outlook And Prospects Of The Industry For Malaysia

The prospects for the industrial waste management industry in general and the materials recovery and recycling subsector in particular are dependent on the attitude of the government toward waste management, the state of the economy and industry in general and the recognition of the value addition from materials recovery from industrial wastes.

7. **INDUSTRY OVERVIEW (Cont'd)**

The Malaysian government's stance toward industrial waste is unlikely to be softened. Enforcement of environmental laws will be maintained due to the obvious environmental and public health impacts of the indiscriminate handling of industrial waste, in spite of the recent economic slowdown. In conjunction with the government's industrialization drive, the trend of waste handling requirements associated with foreign direct investments would require the government to maintain its environmental vigilance.

The recent economic slowdown has not changed the government's resolve in pursuing industrialization. While the economy will grow at a more subdued rate in the next two to three years than in the early nineties, the industrial sector is likely to be given high priority in the government's economic agenda thereby giving it every possible stimulus. As such, industrial waste recovery or materials recovery will eventually be recognized in Malaysia as a valuable activity, economically, as well as environmentally.

The industrial waste management industry in Malaysia is basically in its infancy and enjoys good prospects for the future. Despite the slowdown in the economic growth experienced in 1998 and 1999, the immediate future of the industry will not be severely impaired due to the broad base of 'clientele' serviced. The long-term necessity for the proper handling of industrial waste practically guarantees a future for this industry. Materials recovery as a specific sub-sector within this industry, has a particularly bright future due to the compelling need for resource conservation, beyond merely preventing environmental pollution.

In 1998, 398,518 metric tonnes of scheduled industrial wastes was reportedly generated. Of this reported, it is estimated that over 75% contain reusable substances, and are therefore, potential candidates for commercial recovery. The present market for industrial waste management, recovery and recycling is not however limited to the current volume of wastes generated, but includes wastes generated much earlier and stockpiled for eventual treatment or disposal. Based on this estimate, the market for industrial materials recovery and recycling is estimated to be in the region of hundreds of millions of ringgit, depending on the recoverable substance. Furthermore, the sheer volume of industrial waste continues to grow with 398,518 tonnes of scheduled wastes reported in 1998, as opposed to 279,511 tonnes in 1997, representing an increase of nearly 43% in scheduled wastes generation.

In 1998, there were 30 off-site recovery licensees among whom competition is mild. Competition is mild in the solvents sub-sector, and in the states of Selangor and Johor. (*Source: Malaysia Environment Report 1998, Department of Environment, Ministry of Science, Technology and the Environment Malaysia, 30 September 1999*).

8. INFORMATION ON THE ANALABS GROUP

8.1 Incorporation Of The Company

Analabs was incorporated in Malaysia under the Companies Act on 16 September 1998. It was established to become the investment holding company of the Group in preparation for the Group's listing on the Second Board of the KLSE. The Company has five (5) subsidiaries, namely TAL, KLC, RCSB, Inagro, and QSP. TAL has two (2) wholly-owned subsidiaries, namely, Masmeru and ER whilst CWTP is a wholly-owned subsidiary of KLC. CWTP has a wholly-owned subsidiary, M-Field.

8.2 Restructuring Scheme

In conjunction with the listing of Analabs' shares on the Second Board of the KLSE, the Company undertook a restructuring exercise which was approved by FIC on 14 January 1999, the SC on 5 November 1999 and 14 March 2000 and MITI 28 January 1999 and 19 November 1999. The details of the restructuring exercise undertaken by Analabs are as follows:

Stage 1

Revaluation Of Landed Properties Of Masmeru, ER, Inagro, CWTP and RCSB

Analabs undertook the revaluation of landed properties on 25 August 1998 and thereafter the incorporation of revaluation surplus arising from the revaluation of these landed properties of Masmeru, ER, Inagro, CWTP and RCSB amounting to RM183,497, RM392,714, RM2,327,438, RM2,163,702 and RM373,943 into the accounts of the Group for the five (5) month ended 30 September 1999. The valuation of the landed properties of Analabs was undertaken by Messrs Khong & Jaafar Sdn Bhd. The Valuation Certificate by Messrs Khong & Jaafar Sdn Bhd is enclosed in section 11 of this Prospectus. The computation of the revaluation surplus is as follows:

Beneficial Owner	Location	Net Book Value @ 30.04.98 RM	Open Market Value As Appraised By Valuers RM	Open Market Value As Approved By The SC RM	Revaluation Surplus RM
Masmeru	P.N 5288 Lot No. 55, Section 92A, Town of Kuala Lumpur, Wilayah Persekutuan	516,503	700,000	700,000	183,497
ER	P.N 5287 Lot No. 54, Section 92A, Town of Kuala Lumpur, Wilayah Persekutuan	257,286	650,000	650,000	392,714
Inagro	HS(D) 35467 PT. 19569, Mukim of Kapar, District of Klang, Selangor Darul Ehsan	59,919*	75,000	75,000	15,081
	HS(D) 36256 Lot No. 15825, Mukim of Kapar, District of Klang, Selangor Darul Ehsan	1,015,093*	880,000	880,000	(135,093)
	CT 26641 Lot No. 6493, Mukim of Kapar, District of Klang, Selangor Darul Ehsan	6,252,550*	8,700,000	8,700,000	2,447,450
CWTP	HS(M) 976, 980, 987 and 988, PT Nos. 743, 747, 754 and 755, Mukim Setul Seremban, Negeri Sembilan Darul Khusus	1,553,298	3,717,000	3,717,000	2,163,702

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

Beneficial Owner	Location	Net Book Value @ 30.04.98 RM	Open Market Value As Appraised By Valuers RM	Open Market Value As Approved By The SC RM	Revaluation Surplus RM
RCSB	HS(D) 80016 PT No. 14329, Mukim of Damansara, District of Petaling, Selangor Darul Ehsan	2,630,382	3,190,000	3,190,000	559,618
	HS(D) 51801 PT No. 43449 Mukim and District of Klang, Selangor Darul Ehsan	5,024,754	5,313,000	4,900,000	(124,754)
	GM 146 Lot No. 87, Mukim Damansara, District of Petaling, Selangor Darul Ehsan	635,921	700,000	575,000	(60,921)
	Total	17,945,706	23,925,000	23,387,000	5,441,294

* Based on net book value as at 30 June 1998

Stage 2**Acquisitions of TAL, Inagro, KLC, RCSB and QSP by Analabs**

On 27 October 1998 Analabs entered into several conditional share exchange agreements pursuant to which it:

- (a) acquired from Kan Yow Kheong, Lim Yoke Soo, Wong Chew Har and Tan Cheah Boo, 50,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of TAL for a purchase consideration of RM1,208,859 which was satisfied by the issuance of 641,645 new ordinary shares of RM1.00 each in Analabs at an issue price of RM1.884 per share based on the adjusted NTA after the incorporation of the revaluation surplus as at 30 April 1998;
- (b) acquired from Kan Yow Kheong, Wong Eat Too, Yuen Choong Lai, Koay Kang Chuwan, Lian Gee Meng, Dato' Ong Kim Hoay, Goh Chee Huat and Absolute Riverside Sdn Bhd, 700,000 ordinary shares of RM1.00 each representing 70% of the issued and paid-up share capital of Inagro for a purchase consideration of RM7,227,676 which was satisfied by the issuance of 3,836,346 new ordinary shares of RM1.00 each in Analabs at an issue price of RM1.884 per share based on the adjusted NTA after the incorporation of the revaluation surplus as at 30 June 1998;
- (c) acquired from Kang Sek Lang @ Kang Gaik Lan, Heng Aik Peng @ Wang Ten Aun and Yong Chee Hou, 300,000 ordinary shares of RM1.00 each representing 30% of the issued and paid-up share capital of Inagro for a purchase consideration of RM3,097,576 which was satisfied by cash based on the adjusted NTA after the incorporation of the revaluation surplus as at 30 June 1998;
- (d) acquired from Kan Yow Kheong, Wong Chew Har and Mohammad Nadzri Bin Jamaluddin, 300,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of KLC for a purchase consideration of RM7,724,805 which was satisfied by the issuance of 4,100,215 new ordinary shares of RM1.00 each in Analabs at an issue price of RM1.884 per share based on the audited NTA as at 30 April 1998;

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

- (e) acquired from Kan Yow Kheong, Lim Yoke Soo, Wong Chew Har and Mohammad Nadzri Bin Jamaluddin, 4,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of RCSB for a purchase consideration of RM5,017,394 which was satisfied by the issuance of 2,663,160 new ordinary shares of RM1.00 each in Analabs at an issue price of RM1.884 per share based on the adjusted NTA after the incorporation of the revaluation surplus as at 30 April 1998; and
- (f) acquired from Kan Yow Kheong, 60,000 ordinary shares of RM1.00 each representing 60% of the issued and paid-up share capital of QSP for a purchase consideration of RM210,544 which was satisfied by the issuance of 111,754 new ordinary shares of RM1.00 each in Analabs at an issue price of RM1.884 per share based on the audited NTA as at 30 April 1998.

The Acquisitions were completed on 18 November 1999.

The purchase considerations for the acquisitions of TAL, KLC, RCSB and QSP were arrived at based on the adjusted NTA of the companies as at 30 April 1998 and Inagro as at 30 June 1998 after adjusting for the revaluation surplus arising from the revaluation of landed properties as mentioned in Stage 1 above. Based on the audited accounts of TAL, KLC and QSP for the financial year ended 30 April 1998 and the audited accounts of Inagro for the financial year ended 30 June 1998, the NTAs of TAL Group, Inagro, KLC Group, RCSB and QSP after adjusting for the revaluation surplus are as follows:

	TAL Group RM	Inagro RM	KLC Group RM	RCSB RM	QSP RM
Share Capital	50,000	1,000,000	300,000	4,000,000	100,000
Revaluation Reserve	-	1,529,952	-	-	-
Retained profits	870,753	5,467,862	4,972,997	643,451	250,906
Audited NTA	920,753	7,997,814	5,272,997	4,643,451	350,906
Add : Revaluation Surplus	288,106 *	2,327,438	2,451,808 ^	373,943	-
Adjusted NTA	1,208,859	10,325,252	7,724,805	5,017,394	350,906
Equity to be acquired (%)	100	100	100	100	60
Purchase consideration	1,208,859	10,325,252	7,724,805	5,017,394	210,544

* Represents TAL's 50% share of the revaluation surplus of RM183,497 and RM392,714 in Masmeru and ER respectively.

^ Represents KLC's 50% share of the revaluation surplus of RM183,497 and RM392,714 in Masmeru and ER respectively and the revaluation surplus in CWTP of RM2,163,702.

The vendors for the Acquisitions are as follows:

Vendors	No. Of Shares Held in Companies				
	TAL	Inagro	KLC	RCSB	QSP
Kan Yow Kheong	43,820	447,900	179,999	816,000	60,000
Lim Yoke Soo	2,590	-	-	440,000	-
Wong Chew Har	2,590	-	1	784,000	-
Tan Cheah Boo	1,000	-	-	-	-
Mohammad Nadzri Bin Jamaluddin	-	-	120,000	1,960,000	-
Yuen Choong Lai	-	38,000	-	-	-
Koay Kang Chuwan	-	40,000	-	-	-
Lian Gec Meng	-	39,000	-	-	-

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

Vendors	No. Of Shares Held in Companies				
	TAL	Inagro	KLC	RCSB	QSP
Dato' Ong Kim Hoay	-	37,500	-	-	-
Goh Chee Huat	-	38,500	-	-	-
Absolute Riverside Sdn Bhd	-	25,000	-	-	-
Wong Eat Too	-	34,100	-	-	-
	50,000	700,000	300,000	4,000,000	60,000

The number of new ordinary shares of RM1.00 each in Analabs to be issued to the vendors of the respective companies is as follows:

Vendors	No. Of Analabs New Shares To Be Issued Pursuant to the Acquisitions					
	TAL	Inagro	KLC	RCSB	QSP	Total
Kan Yow Kheong	562,338	2,454,713	2,460,115	543,285	111,754	6,132,205
Lim Yoke Soo	33,237	-	-	292,948	-	326,185
Wong Chew Har	33,237	-	14	521,979	-	555,230
Tan Cheah Boo	12,833	-	-	-	-	12,833
Mohammad Nadzri Bin Jamaluddin	-	-	1,640,086	1,304,948	-	2,945,034
Yuen Choong Lai	-	208,259	-	-	-	208,259
Koay Kang Chuwan	-	219,220	-	-	-	219,220
Lian Gee Meng	-	213,739	-	-	-	213,739
Dato' Ong Kim Hoay	-	205,519	-	-	-	205,519
Goh Chee Huat	-	210,999	-	-	-	210,999
Absolute Riverside Sdn Bhd	-	137,012	-	-	-	137,012
Wong Eat Too	-	186,885	-	-	-	186,885
	641,645	3,836,346	4,100,215	2,663,160	111,754	11,353,120

Acquisitions of Masmeru and ER by TAL

TAL, a wholly-owned subsidiary of the Company had also entered into two (2) conditional share sale agreements on 27 October 1998 pursuant to which it acquired from KLC the following:

- (a) 25,000 ordinary shares of RM1.00 each representing 49.99% of the issued and paid-up share capital of Masmeru for RM28,503 in cash; and
- (b) 1,550 ordinary shares of RM1.00 each representing the 50% of the issued and paid-up share capital of ER for RM187,379 in cash.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

The purchase considerations for the acquisitions of Masmeru and ER by TAL, were arrived at based on the adjusted NTA of the companies as at 30 April 1998 after adjusting for the revaluation surplus arising from the revaluation of landed properties as mentioned in Stage 1 above. Masmeru and ER are wholly-owned subsidiaries of TAL as at 18 November 1999, being the completion date of the Transfers.

Based on the audited accounts of Masmeru and ER for the financial year ended 30 April 1998, the NTAs of Masmeru and ER after adjusting for the revaluation surplus are as follows:

	Masmeru	ER
	RM	RM
Share Capital	50,001	3,100
Accumulated losses	(176,493)	(21,057)
Audited NTA	(126,492)	(17,957)
Add : Revaluation Surplus	183,497	392,714
Adjusted NTA	57,005	374,757
Equity to be acquired (%)	49.99	50.00
Purchase consideration	28,503	187,379

Stage 3

Rights Issue

The Company undertook a Rights Issue pursuant to the Acquisitions. The Rights Issue involved the issuance of 22,426,878 new ordinary shares of RM1.00 each at RM1.00 each share on the basis of approximately 1,975 ordinary shares for every 1,000 ordinary shares held after the Acquisitions. The Rights Issue was completed on 15 March 2000.

The gross proceeds arising from the Rights Issue and Public Issue are estimated to be RM22.427 million and RM10.574 million respectively and will be utilised by the Group in the following manner:

Proceeds from Rights Issue

		RM'000
Expansion of business operations	(a)	9,440
Purchase of machinery	(b)	3,800
R&D investment	(c)	2,335
Acquisition of 30% equity interest in Inagro	(d)	3,097
Repayment of the entire bank borrowings for the acquisition of M-Field		1,750 *
Working capital		2,005
		<u>22,427</u>

* Subsequent to the approval of the SC, CWTP, a wholly-owned subsidiary of KLC, acquired M-Field for a purchase consideration of RM2.5 million. The acquisition of M-Field was financed via a RM1.75 million bank borrowings and the balance by internally generated funds. The acquisition was approved by the SC on 14 March 2000.

With the assumption that the repayment of the abovementioned loan will be completed by end of April 2000, the interest savings on the loan will be approximately RM175,000 per annum. Together with the repayment of the other bank borrowings in (e) below, the Group will be free of debt.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

Proceeds from Public Issue

		RM'000
Repayment of bank borrowings	(e)	4,100
Estimated listing expenses		1,500
Working capital		4,974
		<u>10,574</u>

Details of the utilisation of proceeds are as follows:

(a) Expansion Of Business Operations

Part of the proceeds from the Rights Issue will be utilised for expansion of the Analabs Group's business operations in Shah Alam, Penang and the East Coast region of Peninsular Malaysia as follows:

Location	Total Estimated Costs RM'000	Commencement Date	Estimated Completion Date
Shah Alam	3,099	Mid 2000	End 2000
Penang	3,307	Mid 2000	Mid 2001
East Coast Region	3,034	End 2000	Mid 2001
Total	<u>9,440</u>		

The expansion of the Shah Alam factory will involve the acquisition of machinery to be used for waste water purification, a filtration and hydrocarbon conditioner system, chemical reaction vessels, conversion of land for storage purposes and the construction of chemical control, containment and treatment systems.

The RCSB plant at Shah Alam will be expanded to increase its production capacity by approximately 40%. The expansion will include additional equipment for storage, recovery and treatment of industrial waste. The investment in equipment will permit the Group to process, recover and treat a greater variety of industrial wastes in larger volumes. An extra 1 acre of floor space will be required to house the additional equipment and machinery. The storage facility will be fitted with the necessary environmental safeguards such as control, containment and treatment systems.

The Group plans to establish an industrial waste recovery and recycling facility to service the industrial waste disposal needs of the electronic and electrical industry in Penang. This will involve the construction of a fully automated materials recovery plant, which will feature a metals recovery system. This recovery system will employ patented technology and is designed for 24-hour operation with minimal supervision.

Subsequent to the approval of the SC, the Company via CWTP had on 4 August 1999, acquired M-Field, which owns a piece of leasehold land (expiring on 4 June 2046) at HS(D) 4791, PT No. 388, Lot 5782, Mukim 12, Daerah Barat Daya, Pulau Pinang with a land area of 62,547 sq.ft., together with an unoccupied 2-storey office block, factory and warehouse with a built-up area of 24,649 sq.ft., for a cash consideration of RM2.5 million. The consideration was based on willing buyer-willing seller basis, after taking into consideration the market valuation of the land and building. The acquisition of M-Field was approved by the SC vide their letter dated 14 March 2000. The expansion programme in Penang will also involve an amount of approximately RM3 million for the acquisition of recovery and recycling systems.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

The Group also plans to set up an off-site recovery facility in the East Coast of Peninsular Malaysia, to manage the scheduled wastes generated particularly by the petrochemical and chemical-related industries located there. The location of the facility is presently being identified. The site is expected to be needed to accommodate a building with a total built-up area of about 10,000 sq. ft., a recovery and recycling plant as well as the requisite waste water treatment plant. The expansion in the East Coast region will involve the acquisition of land and buildings, the acquisition of machinery and the construction of an acid recycling and waste water treatment plant and the purchase of tanks and pumps used as storage for concentrated acids.

(b) Purchase Of Machinery

The Company will utilise RM3.8 million from the proceeds from the Rights Issue to invest in plating filtration systems for the recycling and recovery of certain metals such as, *inter-alia*, nickel, copper, silver and gold. The design and certain components of the plating filtration systems are expected to be sourced from the United States of America or Germany. The addition of the new equipment is expected to increase RCSB's waste-handling capacity by more than 20%, and boost the Group's metal recovery capabilities significantly, to recover up to 20 tonnes a year of various metals.

The aforementioned systems are expected to be commissioned by end of 2000.

(c) R&D Investment

The Group's primary R&D facility will be renovated at an estimated cost of RM250,000 to accommodate the planned expansion of R&D staff and the upgrading of laboratory equipment and capabilities. An additional RM2.1 million is proposed to be spent on acquiring state-of-the-art equipment for chemical assays and analyses which will further enhance the Group's recovery, recycling and environmental engineering capabilities.

- (d)** As mentioned in Section 8.2-Stage 2(c), Analabs acquired 300,000 ordinary shares of RM1.00 each representing 30% of the issued and paid-up capital in Inagro for a cash consideration of RM3.097 million. This was paid out from the proceeds from the Rights Issue.

- (e)** The amount of RM4.1 million will be utilised to repay the following bank loans:

Company	Bankers	Purpose	Type of facilities	Balance as at 11.03.2000 (RM)
Inagro	Public Bank Berhad	To finance an industrial land to be developed into factory building	Fixed loan	779,186
CWTP	Hong Leong Bank Berhad	Working capital	Overdraft	3,320,814
				4,100,000

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

With the assumption that the repayment of the abovementioned loans will be completed by end of April 2000, the interest savings on the loan will be approximately RM410,000 per annum. Together with the abovementioned repayment of the entire bank borrowings for the acquisition of M-Field, the Group will be free of debt.

The proceeds from the Rights Issue and Public Issue must be utilised within eighteen (18) months from the date of approval from the SC which was received on 5 November 1999.

Stage 4

Renunciation Of Rights Issue Shares

Pursuant to the Rights Issue, Kan Yow Kheong, Lim Yoke Soo and Wong Chew Har will renounce their respective Rights Issue shares of 1,496,222, 644,345 and 1,096,798 shares respectively to Mohammad Nadzri Bin Jamaluddin at par for a total consideration of RM3,237,365.

8.2.1 Public Issue

Following the completion of the Acquisitions and Rights Issue and to facilitate the listing of and quotation for Analabs shares on the Second Board of the KLSE, the Company will undertake a public issue of 6,220,000 ordinary shares of RM1.00 each at an issue price of RM1.70 per ordinary share to eligible Directors and employees of the Analabs Group as well as to the Malaysian public for application.

8.2.2 Changes In Share Capital

The present authorised share capital of Analabs is RM50,000,000 represented by 50,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM40,000,000 divided into 40,000,000 ordinary shares of RM1.00 each.

Details of the changes in the issued and paid-up share capital of the Company since its incorporation are as follows:

Date Of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-Up Ordinary Share Capital RM
16.09.1998	2	1.00	Subscribers' shares	2
18.11.1999	11,353,120	1.00	Consideration for the Acquisitions	11,353,122
15.03.2000	22,426,878	1.00	Rights Issue	33,780,000

8.3 Business Overview Of Analabs Group

8.3.1 History

Analabs was incorporated in Malaysia under the Companies Act on 16 September 1998. It was established to become the investment holding company of the Group in preparation for the Group's listing on the Second Board of the KLSE. The Company has five (5) subsidiaries, namely TAL, KLC, RCSB, Inagro, and QSP. TAL has two (2) wholly-owned subsidiaries, namely Masmeru and ER, whilst CWTP is a wholly-owned subsidiary of KLC. M-Field is a wholly-owned subsidiary of CWTP.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

The Analabs Group had its origins in TAL where its principal activities were that of analytical laboratory services and commissioning of waste water treatment plants. This latter activity led to the formation of KLC to supply the requisite water treatment chemicals.

The formation of RCSB and CWTP marked the Group's entry into the industrial waste collection and treatment, and materials recovery and recycling business. The materials recovery and recycling business which began with the recovery of common industrial solvents, has now progressed to the recovery and recycling of other industrial chemical products such as ferric chloride. All chemicals and solvents recycled are sold through KLC.

8.3.2 Principal Activities and Operation

Analabs is governed by a Board of Directors which controls and sets the policy direction of the Company. In running the Company's operations, the Executive Chairman is supported by the senior management team, technical and general staff. The principal activities of the Group are recovery and recycling of liquid and solid industrial waste, environmental testing, chemical analyses and the design and commissioning of waste water treatment plants, trading of industrial chemicals and chemical related products, repacking and formulation of agro-chemicals and the provision of handling and warehousing services, and property letting.

The core activity of the Group, which accounts for about three-quarters of the Group's turnover, is materials recovery and recycling. A recovery activity begins with the collection and transportation of the scheduled waste from the waste generator to the recovery plants in Nilai or Shah Alam. The scheduled waste is then sampled and assayed or tested to determine its content. Usually, the recovery process of metals involves electroplating. If the waste stream is acid, then pure iron salts will be added to produce ferrous or ferric solutions, which are used in industry extensively. The raw materials added to the industrial waste are typically common industrial chemicals that are available from local chemical suppliers.

The Group presently operates two recovery and recycling plants in Nilai, Negeri Sembilan and Shah Alam, Selangor. The Nilai plant operated by CWTP predominantly recycles liquid industrial wastes collected from factories. This plant is highly automated requiring only minimal personnel for operation and maintenance.

The second plant in Shah Alam is operated by RCSB and commenced operations in early 1996. RCSB essentially extends the services provided by CWTP, recovering and recycling both solid and liquid industrial waste.

A notable fact is that the entire plant and process designs for both facilities were done within the Group. The Group's plant in Nilai, which is operated by CWTP, has a total operating site area of 70,999 sq.ft. At present, the maximum operating capacity running on a single shift is limited by the licensed capacity, which stands at 1,000 drums of 200 litres each per month, or approximately 200 metric tonnes of industrial wastes per month. The Group's plant in Shah Alam, which is operated by RCSB, has a total operating site area of 43,562 sq.ft. and has a maximum operating capacity on a single shift of its licensed capacity of 7,450 drums of 200 litres each per month, or approximately 1,490 metric tonnes of industrial wastes per month.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

RCSB and CWTP have obtained the necessary licenses from the DOE to provide waste collection and recycling of acids, alkalis, solvents and metal hydroxides, and transportation and storage of scheduled waste services. These licenses are renewable annually and renewal is based on the licensee's continued compliance with all the relevant regulations. Since first obtaining these licenses, RCSB and CWTP have maintained a strong compliance record with the DOE.

With a team of professional staff and the latest laboratory equipment, TAL is capable of undertaking routine chemical analysis and assays, as well as specialized and complex investigations and environmental studies. The company offers a range of quality services, which includes environment and pollution management, soil and laboratory testing and process control and monitoring equipment. TAL's clientele is drawn from various industries such as paint, rubber, plastics, food processing, electronics and chemicals.

TAL first achieved accreditation from the Laboratory Accreditation Scheme of Malaysia in 1990. Laboratories accredited under Laboratory Accreditation Scheme of Malaysia meet the requirements of ISO/IEC Guide 25, EN45001, and the relevant requirements of ISO9001/2 standards when acting as suppliers producing test and calibration results. Accreditation, which is based on meeting stringent requirements, demonstrates that the laboratory operates a quality system, is technically competent and able to generate technically valid results. Requirements for accreditation fall into two categories, namely management and technical. Management requirements include a quality system, document control, procedures and processes for handling all the non-technical operations of testing and calibration in a laboratory. Technical requirements specify the standards of technical competence for the types of tests and calibrations undertaken by the laboratory. These standards cover among others, accommodation and environmental conditions, test and calibration methods and method validation, and quality assurance.

The Group's R&D activities are undertaken within TAL. A total of 14 staff, comprising experienced chemists and technicians, work on improving quality of processes and products as well as developing new products. The Group has spent RM2.20 million from 1994 to 1998 on R&D.

TAL has a proven and well-established environmental engineering track record and services a variety of industries in the design and commissioning of waste water treatment plants, treating many different industrial waste streams. Environmental engineering services involve the designing and commissioning of waste water treatment plants according to a factory's specific waste stream (for example food waste, sewage, or washings from a rubber glove line) and expected waste loads generated in its normal operations. Each waste water treatment plant will also be designed for the factory to ensure that any discharge out of its premises is in accordance with the DOE's standard guidelines and limits. TAL also provides testing services which enable factories to determine whether their parameters of air, noise, or effluent discharges are in accordance with DOE's standards.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

Details of some of TAL's major waste water treatment plant contracts for the past three years are as follows:

	Client	Industry	Nature Of Contract	Commencement Of Contract	Status of Contract	Completion Of Contract	Contract Value (RM'000)
1.	Berger Paints (Malaysia) Sdn Bhd	Paints	Waste water treatment plant	February 1999	Completed	February 2000	355
2.	LA Glove Sdn Bhd	Rubber gloves manufacturing	Waste water treatment plant	March 1999	On going	April 2000	350
3.	Inter-Pacific Packaging Sdn Bhd	Box Manufacturing	Waste water treatment plant	May 1999	Completed	February 2000	235
4.	Ace Canning Corporation Sdn Bhd	Food and beverage	Waste water treatment plant	November 1998	Completed	January 1999	245
5.	Dewina Food Industries Sdn Bhd	Food processing	Waste water treatment plant	February 1997	Completed	September 1999	210

KLC is the marketing arm of the Group and specializes in the trading and sale of pure and recycled chemical products. Clientele is drawn from the chemical, electronics, textile and other chemical-reliant industries. KLC plays a strong complementary role in the Group by supplying the specialized treatment chemicals for the waste water treatment plants commissioned by TAL and at the same time markets the solvents and other materials recovered by the materials recovery units of the Group, namely CWTP and RCSB. Some of the chemicals marketed by KLC include specially blended industrial grade acids, alkalines, solvents and water treatment agents.

The agrochemical division of the Group is represented by Inagro. Since its inception in 1981, Inagro has operated as a contract formulator and repacker of agrochemical products.

The products packed, formulated or manufactured by Inagro include crop management chemicals such as herbicides, insecticides, fungicides and other related chemicals such as surfactants, wetting agents and specialty fertilizers. In 1996, Inagro received ISO 9002 accreditation from Det Norske Veritas, a certifying body from the Netherlands for the company's quality systems and procedures.

The services of formulation and repacking offered by Inagro allow multinational agrochemical manufacturers to do the final stage of its production in or close to its user market. Often, the client only ships in the patented active ingredients, which Inagro adds into the product formulation according to the client's formula. Inagro then packs the formulated product into end-user containers. Inagro also offers warehousing services to its clients, storing the patented active ingredients as well as the repacked and formulated end-user products in its 41,010 sq.ft. warehouse. The nature of the contract of formulation business limits the degree of competition. The exclusive relationship between Inagro and its major clients, which comes from being entrusted product formulae and a proven track record, effectively forms a barrier to entry.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

In the business of contract repacking of agrochemicals, the only materials required are packaging materials such as bottles, cartons, boxes and bags. These are available locally. In contract formulation, the client supplies the active ingredient with other ingredients being added according to the client's specifications. In addition, for the production of surfactants and specialty fertilizers, the chemicals and substances used are also available locally.

At present, Inagro's plant in Klang with 222,975 sq.ft. of operating site area is handling an average of up to 12,000 to 15,000 containers per day of various pack sizes, on a single shift. The maximum annual production output of the company in any given year is approximately 4,000,000 containers. The current production capacity for surfactants and specialty fertilizers is approximately 10,000 liters per day. Products produced by Inagro are marketed by the clients, which are largely multinational and global agrochemical giants, to the agricultural sector. The end-users of these products range from rice growers to oil palm plantations.

At present, Analabs is distributing its products and services within the local industrial market. The tables below show the proforma contributions of the different businesses within the Group:

		Contribution to Group Turnover					5 month period ended 30.9.99
		←-----Year Ended 30 April-----→					
		1995	1996	1997	1998	1999	
Recovery and Recycling of Industrial Wastes	%	21	23	32	38	41	42
	RM'000	3,560	4,866	8,390	12,445	14,416	8,014
Trading of Industrial chemicals and related products	%	27	28	33	33	33	32
	RM'000	4,665	6,259	8,973	10,635	11,662	6,133
Formulation and repacking of agro-chemicals	%	39	33	24	19	17	17
	RM'000	6,741	7,403	6,346	6,048	6,216	1,628
Environmental engineering and testing	%	13	16	11	10	9	9
	RM'000	2,148	3,551	3,081	3,166	3,287	1,675

		Contribution to Group Profits					5 month period ended 30.9.99
		←-----Year Ended 30 April-----→					
		1995	1996	1997	1998	1999	
Recovery and Recycling of Industrial Wastes	%	68	76	83	87	87	86
	RM'000	2,780	3,818	5,675	8,402	8,534	4,800
Trading of Industrial chemicals and related products	%	2	2	8	5	5	5
	RM'000	63	125	495	521	340	259
Formulation and repacking of agro-chemicals	%	25	18	5	6	6	7
	RM'000	1,007	898	265	554	738	209
Environmental engineering and testing	%	5	4	4	2	2	2
	RM'000	208	224	226	144	385	124

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

8.4 Summary of Properties

Properties owned by Analabs prior to the submission to the SC

Beneficial Owner	Location	Description	Tenure	Existing use, Age of Building and built up area	Net Book Value @ 30.04.98 RM	Net Book Value @ 30.09.99 RM	Open Market Value As Appraised By Valuers RM	Open Market Value As Approved By SC RM	SC approved revaluation surplus RM
Masmeru	PN. 5288 Lot No. 55, Section 92A, Town of Kuala Lumpur, Wilayah Persekutuan	4 storey factory	1,680 sq.ft. leasehold land, interest for 66 years expiring on 21 March 2043, leaving unexpired term of lease of about 43 years	Owner occupancy, 4 storey shophouse with a built up area of 6,717 sq.ft and a building age of approximately 20 years	516,503	700,000	700,000	700,000	183,497
ER	PN 5287 Lot No. 54, Section 92A, Town of Kuala Lumpur, Wilayah Persekutuan	4 storey factory	1,680 sq. ft. leasehold land, interest for 66 years expiring on 21 March 2043, leaving unexpired term of lease of about 43 years	Owner occupancy 4 storey shophouse with a built up area of 6,631 sq.ft and a building age of approximately 20 years	257,286	650,000	650,000	650,000	392,714
Inagro	HS(D) 35467 PT No 19569, Mukim of Kapar, District of Klang, Selangor Darul Ehsan	Single storey terrace house	1,300 sq. ft. freehold land	Owner occupancy land and single storey terrace with a built up area of 800 sq.ft *	59,919#	75,000	75,000	75,000	15,081
	HS(D) 36256 Lot No. 15825, Mukim of Kapar, District of Klang, Selangor Darul Ehsan	Vacant industrial land	87,661 sq.ft. freehold land	Vacant industrial land	1,015,093#	880,000	880,000	880,000	(135,093)
	CT. 26641 Lot No. 6493, Mukim of Kapar, District of Klang, Selangor Darul Ehsan	Land, office, factory and warehouse	222,975 sq. ft. freehold land	Owner occupancy 2 storey office block, factory and warehouse with a built up area of 64,388 sq. ft with a building age of 6 years	6,252,550#	8,700,000	8,700,000	8,700,000	8,700,000
CWTP	HS(M) 976, 980, 987, 988 and PT Nos. 743, PT747, PT. 754 and PT. 755, Mukim of Setul, District of Seremban, Negeri Sembilan Darul Khusus	Land, office, factory and warehouse	70,999 sq. ft. leasehold land, interest for 99 years expiring on 2 October 2085, leaving unexpired term of lease of about 85 years	Owner occupancy 2 storey office block, factory and warehouse with a total built up area of 34,037 sq. ft and a building age of 10 years	1,553,298	3,717,000	3,717,000	3,717,000	2,163,702
RCSB	HS(D) 80016 PT No. 14329, Mukim of Damansara, District of Petaling, Selangor Darul Ehsan	Land, office, factory and warehouse	43,562 sq. ft. freehold land	Owner occupancy 2 storey office block, factory and warehouse with a built up area of 18,108 sq.ft and a building age of approximately 4 years	2,630,382	3,190,000	3,190,000	3,190,000	559,618

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

Properties owned by Analabs prior to the submission to the SC (Cont'd)

Beneficial Owner	Location	Description	Tenure	Existing use, Age of Building and built up area	Net Book Value @ 30.04.98 RM	Net Book Value @ 30.09.99 RM	Open Market Value As Appraised By Valuers RM	Open Market Value As Approved By SC RM	SC approved revaluation surplus RM
	HS(D) 51801 PT No. 43449 Mukim and District of Klang, Selangor Darul Ehsan	Land, office factory and warehouse	58,288 sq. ft. freehold land	Owner occupancy 2 storey office block, factory and warehouse with a built up area of 37,138 sq.ft and a building age of approximately 5 years	5,024,754	4,900,000	5,313,000	4,900,000	(124,754)
	GM 146 Lot 87, Mukim Damansara, District of Petaling, Selangor Darul Ehsan	Vacant land	24,938 sq. ft. freehold land	Vacant land	635,921	575,000	700,000	575,000	(60,921)
Total					17,945,706	23,387,000	23,925,000	23,387,000	5,441,294

Based on net book value as at 30 June 1999

* The single storey house by Inagro is used as staff accommodation

Properties acquired by Analabs subsequent to the SC's approval dated 5 November 1999

					Net Book Value @ 30.09.99 RM	Open Market Value As Appraised By Valuers RM	Open Market Value as Approved by SC RM
M-Field	HS(D) 4791, PT No. 388, Lot 5782, Mukim 12, Daerah Barat Daya, Pulau Pinang	Land, office, factory and warehouse	62,547 sq. ft. leasehold land. interest for 60 years expiring on 4 June 2046, leaving unexpired lease of 46 years	Unoccupied 2 storey office block, factory and warehouse with a built up area of 24,649 sq.ft and a building age of approximately 13 years	1,500,000	2,500,000	2,500,000
Total					1,500,000	2,500,000	2,500,000

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

8.5 Subsidiary and Associated Companies

Subsidiary Companies	Date & Country Of Incorporation	Issued And Paid-Up Capital (RM)	Equity Interest Held (%)	Principal Activities
Subsidiaries of Analabs				
TAL	30.12.1974 Malaysia	50,000	100	Environmental testing, chemical analyses, the design and commissioning of waste water treatment plants and investment holding
KLC	13.3.1982 Malaysia	300,000	100	Trading of industrial chemicals and chemical related products
RCSB	16.10.1985 Malaysia	4,000,000	100	Recovery, recycling and treatment of liquid and solid industrial waste
Inagro	7.4.1981 Malaysia	1,000,000	100	Repacking and formulation of agro-chemicals and the provision of handling and warehousing services
QSP	4.8.1995 Malaysia	100,000	60	Trading of industrial solvents
Wholly-owned subsidiaries of TAL				
Masmeru	11.10.1983 Malaysia	50,001	100	Property letting
ER	19.4.1985 Malaysia	3,100	100	Property letting
Wholly-owned subsidiary of KLC				
CWTP	5.8.1988 Malaysia	300,004	100	Recovery and recycling of industrial waste
Wholly-owned subsidiary of CWTP				
M-Field	12.4.1985 Malaysia	9,000	100	Property letting

The Company currently does not have any associated companies.

8.5.1 TAL

(i) History and Business

TAL was incorporated in Malaysia under the Companies Act, 1965 on 30 December 1974 as a private limited company. TAL is principally engaged environmental testing, chemical analyses and the design and commissioning of waste water treatment plants and investment holding and is also the research and development centre for the Analabs Group. TAL commenced its operations in 1975.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

TAL provides a range of services from air and water pollution management, designing and commissioning of waste water treatment plants, provision of instrumentation for the on-line control of industrial work process, provision of safety and hazard monitoring products and equipment and soil and laboratory testing. TAL first achieved accreditation from the Laboratory Accreditation Scheme of Malaysia in 1990. Laboratories accredited under Laboratory Accreditation Scheme of Malaysia meet the requirements of ISO/IEC Guide 25, EN45001, and the relevant requirements of ISO9001/2 standards when acting as suppliers producing test and calibration results. As at 15 March 2000, the number of employees in the company is 15.

(ii) Share Capital

The existing authorised share capital is RM50,000 divided into 50,000 ordinary shares of RM1.00 each of which have been issued and fully paid-up.

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

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital (RM)
30.12.74	2	1.00	Cash	2
24.06.80	49,998	1.00	Otherwise other than cash	50,000

(iii) Subsidiary and Associated Companies

Currently, TAL has two (2) wholly-owned subsidiary companies and no associated company. Details of the subsidiary companies are as follows:

Company Name	Place/Date of Incorporation	Issued and Paid-up Capital RM	Effective Equity Held %	Nature of Business
Masmeru	Malaysia 11.10.83	50,001	100	Property letting
ER	Malaysia 19.04.85	3,100	100	Property letting

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

(iv) Profit and Dividend Record

A summary of the audited profit and dividend record of TAL for the financial years ended 31 March 1995 to 1996, the thirteen months period ended 30 April 1997, the two (2) financial years ended 30 April 1999 and for the five (5) month period ended 30 September 1999 are as follows:

	←-----Audited-----→					
	←-----31 March-----→		Thirteen (13) Month Period Ended 30 April	←-----30 April-----→		Five (5) Month Period Ended 30.09.99
	1995	1996	1997	1998	1999	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	2,017	3,593	3,320	3,166	3,287	1,675
Profit before taxation	208	224	226	144	385	124
Taxation	(49)	(76)	(70)	(54)	-	(30)
Profit after taxation	159	148	156	90	385	94
Weighted average number of ordinary shares ('000)	50	50	50	50	50	50
Gross EPS (RM)	4.16	4.48	4.17 *	2.88	7.70	5.95 *
Net EPS (RM)	3.18	2.96	2.88 *	1.80	7.70	4.51 *
Dividend Rate (%)	-	-	-	-	-	-

Notes:

1. The moderate decrease in profit before taxation in 1998 was mainly due to the absorption of cost of chemicals for the commissioning of water treatment plant contracts entered into during the year.
2. The effective tax rate for 1996 was higher at 34% as compared to the statutory tax rate of 30% due to certain expenses disallowed for taxation purposes. The explanation also applies to the higher effective tax rates for 1997 and 1998 at 31% and 37% respectively as compared to the revised statutory tax rate of 28%.
3. There were no extraordinary items during the period under review.

* Annualised.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

8.5.2 KLC**(i) History and Business**

KLC was incorporated in Malaysia under the Companies Act, 1965 on 13 March 1982 as a private limited company. KLC is the marketing arm of the Group and is principally involved in trading of industrial chemicals specializing in specialty chemicals. KLC commenced its operations in 1982. KLC was established to supply specialty chemicals required by the waste water treatment plants, which are serviced by TAL. KLC is the marketing arm of the Group and currently markets pure and recycled solvents. As at 15 March 2000, the number of employees in the company is 7.

(ii) Share Capital

The present authorised share capital is RM300,000 divided into 300,000 ordinary shares of RM1.00 each of which have been issued and fully paid-up.

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

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
13.03.82	2	1.00	Cash	2
09.02.84	24,998	1.00	Cash	25,000
05.12.90	75,000	1.00	Cash	100,000
25.06.91	200,000	1.00	Cash	300,000

(iii) Subsidiary and Associated Companies

Currently, KLC has one (1) subsidiary company and no associated company. Details of the subsidiary company are as follows:

Company Name	Place/Date of Incorporation	Issued and paid-up capital RM	Effective Equity Held %	Principal Activities
CWTP	Malaysia 05.08.88	300,004	100	Recovery and recycling of industrial waste

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

(iv) Profit and Dividend Record

A summary of the audited profit and dividend record of KLC for the past five (5) financial years ended 30 April 1999 and for the five (5) month period ended 30 September 1999 is as follows:

	←-----Audited-----→					Five (5) Month Period Ended 30.9.99 RM'000
	←----- Financial Year Ended 30 April -----→					
	1995 RM'0000	1996 RM'000	1997 RM'0000	1998 RM'000	1999 RM'000	
Turnover	5,865	6,860	10,988	5,078	6,309	3,641
Profit before taxation	1,263	3,058	6,402	307	369	173
Taxation	(8)	(50)	(207)	(95)	(9)	(58)
Profit after taxation	1,255	3,008	6,195	212	360	115
Weighted average number of ordinary shares ('000)	300	300	300	300	300	300
Gross EPS (RM)	4.21	10.19	21.34	1.02	1.23	1.38 *
Net EPS (RM)	4.18	10.03	20.65	0.71	1.20	0.92 *
Gross Dividend rate (%)	400	1,000	2,000	-	-	-

Notes:

1. The drop in turnover and profit before taxation in 1998 was due to the fact that no dividend income was received from the subsidiary in the year as compared to previous years.
2. The effective tax rates were consistent throughout the financial years under review.
3. There were no extraordinary items during the period under review.

* Annualised

8.5.3 RCSB

(i) History and Business

RCSB was incorporated in Malaysia under the Companies Act, 1965 on 16 October 1985 as Lomac Sdn Bhd, which was subsequently changed to Propmart Sdn Bhd on 20 April 1990. The company assumed its present name on 27 January 1996. The principal activities of RCSB are recovery, recycling and treatment of liquid and solid industrial waste. The company commenced its business operations in 1997.

RCSB was set up to meet the waste disposal needs of the growing industrial population in the Klang Valley and the company essentially extends the services provided by CWTP. RCSB is operating from its plant in Shah Alam. As at 15 March 2000, the number of employees in the company is 21.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

(ii) Share Capital

The present authorised share capital is RM5,000,000 divided into 5,000,000 ordinary shares of RM1.00 each of which RM4,000,000 comprising 4,000,000 ordinary shares of RM1.00 each of which 4,000,000 ordinary shares have been issued and fully paid-up.

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

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
16.10.85	4	1.00	Cash	4
21.06.86	96	1.00	Cash	100
18.12.95	99,900	1.00	Cash	100,000
16.09.96	150,000	1.00	Cash	250,000
29.09.98	3,750,000	1.00	Bonus Issue	4,000,000

(iii) Subsidiary and Associated Companies

Presently, RCSB does not have any subsidiary or associated company.

(iv) Profit and Dividend Record

A summary of the audited profit and dividend record of RCSB for the past five (5) financial years ended 30 April 1999 and for the five (5) month period ended 30 September 1999 is as follows:

	←-----Audited-----→					Five (5) Months Period Ended 30.9.99 RM'000
	←----- Financial Year Ended 30 April -----→					
	1995 RM'000	1996 RM'000	1997 RM'000	*1998 RM'000	*1999 RM'000	
Turnover	-	-	3,095	6,056	6,547	4,057
(Loss)/Profit before taxation	(8)	(29)	1,298	3,901	4,070	2,428
Taxation	-	-	(272)	(488)	(318)	21
(Loss)/Profit after taxation	(8)	(29)	1,026	3,413	3,752	2,449
Weighted average number of ordinary shares ('000)	^	38	194	250	2,438	4,000
Gross (LPS)/EPS (RM)	(80.00)	(0.76)	6.69	15.60	1.67	1.46 *

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

	-----Audited-----					Five (5) Months Period Ended 30.9.99 RM'000
	----- Financial Year Ended 30 April ----->					
	1995 RM'000	1996 RM'000	1997 RM'000	*1998 RM'000	*1999 RM'000	
Net (LPS)/EPS (RM)	(80.00)	(0.76)	5.29	13.65	1.54	1.47 *
Dividend rate (%)	-	-	-	-	-	-

Notes:

1. *There was no turnover in 1995 and 1996 as the company has not commenced its intended principle activities during these periods.*
2. *The substantial increase in profit before taxation by approximately RM2.96 million from 1997 to 1998 was mainly due to the increase in industrial waste collection services as the company began operating at a mature capacity. This in turn caused huge increase in profit before taxation in 1998.*
3. *The company enjoys pioneer status which exempts certain of its profits from taxation for 5 years ending 31 December 2001.*

* *Annualised*

Financial results based on special audit carried out as at 30 April for the purpose of submission to the SC

^ *Represents 100 ordinary shares of RM1.00 each being issued*

8.5.4 Inagro**(i) History and Business**

Inagro was incorporated in Malaysia under the Companies Act, 1965 on 7 April 1981 as a private limited company. Inagro is principally engaged in the repacking and formulation of agro-chemicals and the provision of handling and warehousing services. It commenced business operations in 1981. In 1996, Inagro received ISO 9002 accreditation from Det Norske Veritas, a certifying body from the Netherlands for the company's quality systems and procedures. As at 15 March 2000, the number of employees in the company is 56.

(ii) Share Capital

The present authorised share capital is RM5,000,000 divided into 5,000,000 ordinary shares of RM1.00 each of which 1,000,000 ordinary shares have been issued and fully paid-up.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

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

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
07.04.81	2	1.00	Cash	2
25.08.81	30,000	1.00	Cash	30,002
10.09.81	90,000	1.00	Cash	120,002
16.12.81	40,000	1.00	Cash	160,002
04.02.82	40,000	1.00	Cash	200,002
15.05.91	200,002	1.00	Bonus Issue	400,004
22.09.93	100,000	1.00	Bonus Issue	500,004
27.10.93	499,996	1.00	Cash	1,000,000

(iii) Subsidiary and Associated Companies

Presently, Inagro does not have any subsidiary or associated company.

(iv) Profit and Dividend Record

A summary of the audited profit and dividend record of Inagro for the past five (5) financial years ended 30 June 1999 and for the three (3) month period ended 30 September 1999, are as follows:

	←----- Audited ----->					Three (3) Month Period Ended 30 Sept. RM'000
	←----- Financial Year Ended 30 June ----->					
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	6,927	7,948	6,119	6,034	6,216	1,628
Profit before taxation	1,007	898	265	554	738	209
Taxation	20	(316)	100	(155)	8	(85)
Profit after taxation	1,027	582	365	399	746	124
Weighted average number of ordinary shares ('000)	1,000	1,000	1,000	1,000	1,000	1,000
Gross EPS (RM)	1.01	0.90	0.27	0.55	0.74	0.84 *
Net EPS (RM)	1.03	0.58	0.37	0.40	0.75	0.50 *
Gross Dividend rate (%)	2.70	2.80	2.90	-	32.40	-

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

Notes:

1. *Decrease in profit before taxation for 1996 and 1997 was mainly due to the depreciation charge arising from the newly acquired factory purchased in 1996. In addition, the company encountered a reduced market demand for its herbicides in 1997 due to the aversion of customers in carrying high inventory levels.*
2. *The effective tax rate for 1996 was higher at 35% as compared to the statutory tax rate of 30% due to over provision of deferred tax. The amount was subsequently reversed in 1997.*
3. *There were no extraordinary items during the period under review.*

* *Annualised*

8.5.5 QSP**(i) History and Business**

QSP was incorporated in Malaysia under the Companies Act, 1965 on 4 August 1995 as a private limited company. QSP is principally involved in trading of industrial solvents. It commenced business operations in 1995. As at 15 March 2000, the number of employees in the company is 4.

(ii) Share Capital

The present authorised share capital is RM100,000 divided into 100,000 ordinary shares of RM1.00 each of which 100,000 ordinary shares have been issued and fully paid-up.

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

Date of Allotment	No. of Shares	Par Value RM	Consideration	Total issued and paid-up share capital RM
04.08.95	2	1.00	Cash	2
10.06.96	99,998	1.00	Cash	100,000

(iii) Subsidiary and Associated Companies

Presently, QSP does not have any subsidiary or associated company.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

(iv) Profit and Dividend Record

A summary of the audited profit and record of QSP for the seventeen (17) month period ended 31 December 1996, sixteen (16) month period ended 30 April 1998, the financial year ended 30 April 1999 and for the five (5) month period ended 30 September 1999 is as follows:

	←-----Audited-----→			
	Seventeen (17) Month Period Ended 31.12.96 RM'000	Sixteen (16) Month period Ended 30.04.98 RM'000	Financial Year Ended 30.04.99 RM'000	Five (5) Month Period Ended 30.9.99 RM'000
Turnover	4,532	7,409	5,353	2,492
Profit before taxation	89	285	(29)	86
Taxation	(31)	(92)	(6)	(25)
Profit after taxation	58	193	(35)	61
Weighted average number of ordinary shares ('000)	100	100	100	100
Gross EPS (RM)	0.63 *	2.14 *	(0.29)	2.06 *
Net EPS (RM)	0.41 *	1.45 *	(0.35)	1.46 *
Dividend rate (%)	-	-	-	-

Notes:

1. No profit and loss account was prepared prior to the financial period ended 1996 as QSP was incorporated on 4 August 1995.
2. The decrease in profit before taxation in 1999 as compared to 1998 was mainly due to the absorption of the increasing cost of chemicals purchased in 1999. This cost was not passed on to the customers as the company intended to maintain the goodwill relationship with its customers.
3. The effective tax rates were consistent throughout the financial years under review.
4. There were no extraordinary items during the period under review.

* Annualised

8.5.6 Masmeru

(i) History and Business

Masmeru was incorporated on 11 October 1983, under the Companies Act, 1965, as a private limited company. The principal activity of the company is property letting. The company commenced its business operation in 1986. As at 15 March 2000, there are no employees in the company.

(ii) Share Capital

The current authorised share capital of Masmeru is RM60,000 divided into 60,000 ordinary shares of RM1.00 each out of which 50,001 ordinary shares have been issued and fully paid-up.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

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

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital
				RM
11.10.83	2	1.00	Cash	2
31.12.84	8	1.00	Cash	10
19.12.85	49,990	1.00	Cash	50,000
16.03.88	1	1.00	Cash	50,001

(iii) Subsidiary and Associated Companies

Presently, Masmeru does not have any subsidiary or associated company.

(iv) Profit and Dividend Record

A summary of the audited profit and dividend record of Masmeru for the past two (2) financial years ended 31 March 1996, thirteen (13) month period ended 30 April 1997, the two (2) financial years ended 30 April 1999 and the five (5) month period ended 30 September 1999 is as follows:

	←-----Audited-----→					
	Financial Year Ended 31 March		Thirteen (13) month period ended 30 April	Financial Year Ended 30 April		Five (5) Month Period Ended 30 Sept
	1995	1996	1997	1998	1999	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	24	24	46	42	42	18
Profit/(Loss) before taxation	1	(2)	19	17	17	9
Taxation	(5)	(4)	(10)	(10)	-	(4)
(Loss)/Profit after taxation	(4)	(6)	9	7	17	5
Weighted average number of ordinary shares ('000)	50	50	50	50	50	50
Gross (LPS)/EPS (RM)	0.02	(0.04)	0.35 *	0.34	0.34	0.43 *
Net (LPS)/EPS (RM)	(0.08)	(0.12)	0.17 *	0.14	0.34	0.24 *
Dividend rate (%)	-	-	-	-	-	-

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

Notes:

1. *Turnover of Masmeru consist of rental income. The cost of sales is not disclosed as all costs incurred have been collectively disclosed under operating expenses, interest expenses and depreciation.*
2. *The effective tax rate were consistent throughout the financial years under review.*
3. *There were no extraordinary items during the period under review.*

* *Annualised*

8.5.7 ER**(i) History and Business**

ER was incorporated on 19 April 1985, under the Companies Act, 1965, as a private limited company. The principal activity of the company is property letting. It commenced its business in 1989. As at 15 March 2000, there are no employees in the company.

(ii) Share Capital

The current authorised share capital of ER is RM25,000 divided into 25,000 ordinary shares of RM1.00 each out of which 3,100 ordinary shares have been issued and fully paid-up.

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

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
19.04.85	100	1.00	Cash	100
27.09.87	3,000	1.00	Cash	3,100

(iii) Subsidiary and Associated Companies

Presently, ER does not have any subsidiary or associated company.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

(iv) Profit and Dividend Record

A summary of the audited profit and dividend record of ER for the two (2) financial years ended 31 August 1996, the thirteen (13) month period ended 30 April 1997, the two (2) financial years ended 30 April 1999 and the five (5) month period ended 30 September 1999 is as follows:

	←-----Audited----->					
	Financial Year Ended 31 August		Thirteen (13) Month Period Ended 30 April	Financial Year Ended 30 April		Five (5) Month Period Ended 30 Sept
	1995	1996	1997	1998	1999	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	12	17	16	24	24	10
(Loss)/Profit before taxation	(8)	(5)	4	11	8	3
Taxation	-	(2)	(3)	(5)	-	(3)
(Loss)/Profit after taxation	(8)	(7)	1	6	8	-
Number of ordinary shares in issue ('000)	3	3	3	3	3	3
Gross (LPS)/EPS (RM)	(2.67)	(1.67)	1.23 *	3.67	2.67	2.40
Net (LPS)/EPS (RM)	(2.67)	(2.33)	0.31 *	2.00	2.67	-
Dividend rate (%)	-	-	-	-	-	-

Notes:

1. Turnover of ER consist of rental income. The cost of sales is not disclosed as all the cost incurred has been collectively disclosed under operating expenses, interest expenses and depreciation.
2. The effective tax rate were consistent throughout the financial years under review
3. There were no extraordinary items during the period under review.

* Annualised

8.5.8 CWTP

(i) History and Business

CWTP was incorporated on 5 August 1988, under the Companies Act, 1965, as a private limited company. The company is principally involved in recovery and recycling of industrial waste. It commenced its business in 1993. As at 15 March 2000, the number of employees in the company is 26.

(ii) Share Capital

The current authorised share capital of CWTP is RM1,000,000 divided into 1,000,000 ordinary shares of RM1.00 each out of which 300,004 ordinary shares have been issued and fully paid-up.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

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

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
05.08.88	4	1.00	Cash	4
18.03.91	300,000	1.00	Cash	300,004

(iii) Subsidiary and Associated Companies

Currently, CWTP has one (1) wholly-owned subsidiary company and no associated company. Details of the subsidiary company is as follows:

Company Name	Place/Date of Incorporation	Issued and Paid-up Capital RM	Effective Equity Held %	Nature of Business
M-Field	Malaysia 12.04.85	9,000	100	Property letting

(iv) Profit and Dividend Record

A summary of the audited profit and dividend record of CWTP for the past five (5) financial years ended 30 April 1999 and for the five (5) month period ended 30 September 1999 is as follows:

	←----- Financial Year Ended 30 April ----->					Five (5) Month Period Ended 30 Sept RM'000
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	3,560	4,866	5,295	6,389	7,869	3,957
Profit before taxation	2,788	3,847	4,377	4,501	4,464	2,372
Taxation	70	-	-	(568)	(561)	(422)
Profit after taxation before exceptional item	2,858	3,847	4,377	3,933	3,903	1,950
Exceptional items	-	(495)	-	-	-	-
Profit after taxation and exceptional item	2,858	3,352	4,377	3,933	3,903	1,950
Number of ordinary shares in issue ('000)	300	300	300	300	300	300
Gross EPS (RM)	9.29	12.82	14.59	15.00	14.88	18.98 *

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

	←----- Financial Year Ended 30 April ----->					Five (5) Month Period Ended 30 Sept
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	RM'000
Net EPS (RM)	9.53	12.82	14.59	13.11	13.01	15.60 *
Dividend rate (%)	400	1,000	2,000	-	-	-

Notes:

1. *The effective tax rate were consistent throughout the financial years under review. The company enjoyed pioneer status which exempted its profits from taxation for a period of 5 years ended 31 July 1997.*
2. *The exceptional item in 1996 was related to settlement arising from legal claim by a contractor.*
3. *There were no extraordinary items during the period under review.*

* *Annualised*

8.5.9 M-Field

(i) History and Business

M-Field was incorporated on 12 April 1985, under the Companies Act, 1965, as a private limited company. It was formally known as Micro-Precision Technology Sdn Bhd and changed its name to M-Field on 6 August 1996. The company is principally involved in property letting. As at 15 March 2000, there are no employees in the company.

(ii) Share Capital

The current authorised share capital of M-Field is RM250,000 divided into 250,000 ordinary shares of RM1.00 each out of which 9,000 ordinary shares have been issued and fully paid-up.

The changes in the issued and paid-up share capital of M-Field since its incorporation are as follows:

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued And Paid-up Share Capital RM
15.05.85	2	1.00	Cash	2
07.07.88	8,998	1.00	Cash	9,000

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

(iii) Profit and Dividend Record

A summary of the audited profit and dividend record of M-Field for the past five (5) financial years ended 30 June 1999 and for the three (3) month period ended 30 September 1999 is as follows:

	←----- Audited ----->					Three (3) Month period Ended 30 Sept RM'000
	←----- Financial Year Ended 30 June ----->					
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	
Turnover	191	222	258	40	-	-
Profit before taxation	30	227	90	(61)	902 [^]	(20)
Taxation	-	-	(3)	2	-	-
Profit after taxation	30	227	87	(59)	902	(20)
Number of ordinary shares in issue ('000)	9	9	9	9	9	9
Gross EPS (RM)	3.33	25.22	10.00	(6.78)	100.22	(8.89)*
Net EPS (RM)	3.33	25.22	9.67	(6.56)	100.22	(8.89)*
Dividend rate (%)	-	-	-	-	-	-

Notes:

1. Included in the profit before taxation for the year ended 30 June, 1999 represented debts waived as part of the agreement made when CWTP acquired M-Field from its previous owner.
 2. The effective tax rates were consistent throughout the financial years under review.
 3. There were no extraordinary items during the period under review.
- * Annualised
- [^] Includes other income for the year ended 30 June 1999 which represents debts waived as part of the agreement made when CWTP acquired M-Field from its previous owner.

8. INFORMATION ON THE ANALABS GROUP *(Cont'd)*

8.6 Directors and Management Team

8.6.1 Directors

The following provides a brief profile of the Directors of Analabs:

Kan Yow Kheong, aged 47, was appointed the Executive Chairman of Analabs on 19 November 1999. Kan Yow Kheong, also the majority shareholder joined TAL as a manager of the laboratory in 1980. Prior to his association with TAL, he was with Dyna Craft International as an Electroplating Engineer. Trained as a chemist, having graduated from Universiti Sains Malaysia with a degree in Chemistry (Honours), he established himself in TAL as a manager of notable calibre, despite the lack of formal management training. Leading a management buy-out, Kan Yow Kheong was called upon to lead TAL. His lack of formal management training was addressed through intensive self-education and participation in numerous training courses, as well as postgraduate courses in marketing and management.

Having successfully completed the Top Management Program from the Manila-based Asian Institute of Management in 1988, he went on to obtain his Diploma in Marketing Management from the Chartered Institute of Management (U.K) and finally a Master's degree with Honours in Business Management from Oklahoma City University, United States of America. Kan Yow Kheong possesses the unusual blend of specialist expertise of a technocrat, the vision and drive of an entrepreneur as well as considerable management acumen.

He is the primary motivator behind the innovations of the Group, in its management as well as in process and product development. In 1996, he was honoured on the cover of the World Executive Digest, in an issue on "The Learning Organisation and Thinking Company", featuring a story on himself and the Analabs group of companies.

Mohammad Nadzri Bin Jamaluddin, aged 37, who was appointed to the Board of Analabs on 19 November 1999 joined the Analabs Group in June 1995 and has been with the Group for the past 5 years. Graduating in 1984 from Universiti Teknologi Malaysia with a Diploma in Electrical Engineering, he joined the civil service as an Environment Officer in DOE, Ministry of Science, Technology and the Environment. In the ten years with the DOE, he rose to assume greater management responsibilities with oversight responsibilities over waste-related issues. By the time he left the civil service in 1995 to join the Analabs group of companies, his contributions had been noted.

He was awarded the Pingat Perkhidmatan Cemerlang 1996 (Selangor) for his contribution to the State in environment protection. He is currently in charge of overseeing the waste management division. His familiarity with the various waste generating industries brings focus and market relevance to the Group's marketing efforts. Additionally, his intimate knowledge of the environmental laws and regulations is often called upon from within the Analabs Group and its clients.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

Lim Yoke Soo, aged 50, was appointed to the Board of Analabs 19 November 1999. He joined the Analabs group of companies in 1977 as a chemist in TAL. He has been with the Group for 23 years. Having graduated with an Honours degree in Chemistry from the Nanyang University of Singapore in 1974, he had initially joined N.S Electronics Sdn Bhd as a process engineer. In the 3 years there, he was involved with process design and control. The initial exposure to process design and control gained in the early years of his career was valuable to his years in the Analabs Group. Lim Yoke Soo is heavily involved in the commissioning of wastewater treatment plants, especially in plant design and control processes. He is also involved in the design of waste recycling and recovery systems installed within the Group. He is responsible for the oversight of the Environmental Engineering division, which encompasses the wastewater treatment plants and laboratory testing units.

Tan Cheah Boo, aged 38, who was appointed to the Board of Analabs 19 November 1999 joined the Analabs group of companies in 1987 and has been with the Group for more than 10 years. Starting out as a Research Chemist in TAL, she then moved on to assume management responsibility as Quality and Technical Manager before transferring to KLC in 1992. At KLC, she was responsible to ensure the adherence of the specialty chemical blending processes to its specified performance parameters and directly responsible for the Group's R&D division. Her responsibilities puts her in oversight of the R&D and Quality Assurance efforts within the Group, presently being undertaken at the laboratories at TAL and Inagro. As the Group's Research Director, she has first hand experience in research into industrial chemicals, waste and materials recovery processes. She holds a Bachelor of Science degree with Honours from Universiti Pertanian Malaysia.

Heng Aik Peng @ Wang Ten Aun, aged 53, was appointed to the Board of Analabs on 19 November 1999. He graduated with an Honours degree in Chemistry and a graduate diploma in Education from LaTrobe University, Australia. He joined Kemcom Sdn Bhd in 1973 as a chemist where he remained for 8 years, familiarising with the agrochemical industry in Malaysia. In 1981, he participated in the establishment of Inagro, where he applied his experience and technical knowledge to the business of contract repacking and formulation for multinational agrochemical companies. In the 17 years since then, he has built the company to become one of the leaders in the specialised area of contract formulation and repacking in Malaysia. A recognised personality in the agrochemical industry, he served on the Council of the Malaysian Agricultural Chemicals Association (MACA) in 1980. Currently he is a Director of the agrochemicals division in the Analabs Group.

Wong Chew Har, aged 43, was appointed to the Board of Analabs on 19 November 1999. She has been with the Analabs Group for 20 years, growing with the Group. In that long period of service starting in 1980, she had taken on a variety of responsibilities in keeping with the Group's philosophy of multi-role development. Building on accounting qualifications from the London Chamber of Commerce and Industries (United Kingdom), she assumed various supervisory and management roles across the Group. Her responsibilities brought her into contact with the administration, accounts and personnel of the various companies in the Group. Her 17 years with the Group's internal workings, philosophy and corporate culture puts her in good stead as a Director in Analabs over Human Resources Management and Development. She has been personally involved in the design and coordination of the staff development programs encompassing various facets of general management and quality control and assurance.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

Wong Maw Chuan, aged 36, was appointed to the Board of Analabs on 19 November 1999 and is the Group's financial controller. He obtained his professional qualification in 1988 and is a member of the Association of Certified Chartered Accountants (UK) and the Malaysian Institute of Accountants. He started his career in 1989 with Roger Yue, Tan & Associates where he was an audit manager when he left the company in 1993. Between 1994 and 1996, he was the Audit Manager in KPMG Peat Marwick, Kuala Lumpur. He then left to join Senawang Land Sdn Bhd, a property development company, as their Finance Manager. He joined Analabs in 1997 where he currently oversees the financial and accounting and administrative matters of the Group.

Yong Chee Hou, aged 43, was appointed to the Board of Analabs on 19 November 1999 and is responsible for corporate affairs in the Analabs Group. He received his formal education in economics and accounting in the United Kingdom, where he obtained a Bachelor of Science (Honours) degree from the University of Hull. Upon his graduation in 1979, he spent the next seven years in the auditing field in London. During that period, he qualified and was admitted as a member of the Institute of Chartered Accountants in England and Wales in 1984. In 1984, he was also admitted as a registered member of the Malaysian Institute of Accountants. Accepting a transfer from London to Kuala Lumpur, he returned to Malaysia at the end of 1986, to assume a managerial post at the Malaysian office. Leaving the audit profession at the end of 1988, he later joined Permata Merchant Bank Bhd (now Perwira Affin Merchant Bank Bhd) whereupon his exposure to corporate affairs was widened.

Prior to joining Inagro as an Executive Director in 1991, he was at Antah Holdings Bhd for a brief period as Finance Manager. Besides his experience in auditing, finance and corporate affairs, he also brings with him experience in corporate governance. He sits on the boards of several public listed companies like Press Metal Bhd, C N Asia Bhd and Latitude Tree Holdings Bhd.

Kamilah Bte Kasim, aged 39, was appointed to the Board of Directors on 19 November 1999. She graduated with a Bachelor of Law degree (Honours) from University Malaya and later completed a Master's degree in Law in Universiti Malaya in 1997. Her professional experience as an advocate and solicitor, began in Messrs. Suhaimi, Khor, Zulkifli & Chang in 1988. She later joined Messrs. Shahinuddin & Ranjit in 1990 and left after 5 years to join Messrs. N.K. Tan & Rahim. In 1998, she became the Legal Adviser to Kuala Lumpur International Airport Berhad, heading its legal department and Intellectual and Industrial Property Rights department. Her responsibilities management as well as overseeing all legal matters, requiring familiarity with commercial, property, construction, safety and environmental laws and regulations.

Ali Riza Bin Abdul Samad, aged 47, was appointed to the Board of Directors on 19 November 1999. He graduated from Universiti Pertanian Malaysia with a Bachelor of Science degree in Forestry, majoring in Forest Engineering in 1976. He joined Amanah Saham Pahang Berhad as a Technical Services Officer upon graduation and later moved to Malaysian Adhesive and Chemical Sdn Bhd as a Technical Services Officer in 1977. In 1978, his exposure to commerce was further extended when he joined the Production and Marketing team at Sindora Berhad. His past experience put him in good stead when he assumed responsibilities in Penawar Sdn Bhd, a fire fighting equipment contractor, as a manager in 1980. He has been with Harom Holdings Sdn Bhd, an investment holding company, as an Executive Director since 1983. Since 1996, Ali Riza has been an independent director and audit committee member of Kurnia Insurans (M) Bhd, a leading general insurer.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

8.6.2 Senior Management

The Board of Directors of Analabs is assisted by a team of experienced management and professional personnel. Particulars of the management team are as follows:

Tan Chor Chai, aged 46, has wide experience in the trading of industrial chemicals amassed over 15 years in the industry. Between 1992 and 1996, he was a director of Stanchem Enterprise, a company involved in trading of industrial solvents before joining QSP in 1997 to assume his present position. He is the director in charge of the general operations of QSP where his responsibilities include overseeing the sales, purchasing and logistics of the company.

Brian Wong Wye Pong, aged 27, is the Corporate Affairs Manager of the Group. He graduated in 1994 with a Bachelor of Commerce degree from the University of Western Australia and is a member of the Australian Society of Certified Practising Accountants and a Registered Accountant of the Malaysian Institute of Accountants. He was attached with KPMG Peat Marwick, Kuala Lumpur for three years before leaving for Analabs in 1997. His principal functions encompasses the corporate, finance, internal audit and administrative affairs of the Group.

Tuang Chin Peng, aged 33, joined the Group in early 1999 as a Laboratory Manager upon graduating from Universiti Putra Malaysia with a Bachelor of Science (Honours) degree majoring in Petroleum Chemistry. In line with the Group's culture of a "Learning Organisation", her teaching experience, obtained from Maktab Pengurusan Raja Melewar from 1989 to 1991, provides new scope in education and training. Her responsibilities include supervision of laboratory work and quality control and assurance.

Siti Kartini bte Jamal, aged 29, joined Analabs as a R&D Manager in 1999 upon her completion of her Masters of Medical Sciences degree in Pharmacology from Universiti Malaya. She brings to the Group extensive knowledge and understanding of industrial biochemistry and molecular biology. Her appreciation of the differentiating factors in human reactions to chemical compounds which was the subject of her postgraduate research brings particular value to the Group.

8.6.3 Family Relationship

None of the Directors and senior management team are related to one another.

8.6.4 Employees

As at 15 March 2000, the Analabs Group has 129 employees. The employees of the Analabs Group do not belong to any union and the employees' relationship with the management of the Group is amicable.

8. INFORMATION ON THE ANALABS GROUP *(Cont'd)*

8.7 Future Plans and Prospects of the Group

8.7.1 Competitive Advantage

The Group enjoys a competitive advantage in its technical expertise and experience in industrial waste management, materials recovery and environmental engineering. This business requires specialised and unique expertise in chemical and molecular sciences. Such expertise, headed by Kan Yow Kheong, a qualified chemist with 20 years of industry experience, gives the Group the technical ability to identify various other related products that can be recovered from waste materials.

This competitive advantage is being maintained through continuous R&D. The continuous R&D conducted on existing processes serves to optimize the rate of recovery of materials such as solvents or metals from industrial waste. R&D can result in improvements in process design that lead to energy savings which can substantially reduce the cost of recovery.

With access to testing, R&D, environmental testing, handling and transportation, recovery and recycling, sales and marketing of recovered and pure chemicals, the Group is an integrated business unit capturing value along the materials recovery value chain, and enhancing the linkages within the chain. This integration allows the Group to maintain a highly competitive posture within the industry.

In the more lucrative and profitable activity of materials recovery, the Analabs Group has a competitive advantage in terms of experience in the industrial waste management sector. The Group has had the benefit of experience drawn from first-hand encounters with a variety of issues that affect the performance of its services, products, and processes in materials recovery. This accumulated experience translates into cost and performance improvements, which confers on the Group a competitive advantage over its competitors and aspiring entrants.

Besides the learning curve advantage gained by being a pioneer in materials recovery, the size and scope of operations also lowers costs, giving the Group the advantage of cost economies. Combined with the already lower costs arising from continuous management scrutiny, these cost economies translate into a formidable advantage over its competitors.

8.7.2 Future Plans Of The Group

The Group's services are not restricted to a single industry or type of industry. In addition to the electronics, chemical, paint, automotive and metal industries, the Group plans to extend its services to clients from the agricultural, petro-chemical, oleo-chemical, pharmaceutical, and food industries. The Group plans to expand the capabilities and capacities of existing facilities in Shah Alam and Nilai to accommodate the volume and variety of industrial waste anticipated. The agrochemical packing and formulation business will be expanded by increasing its throughput capacity by going to multiple-shift production to accommodate the needs of the multinational agrochemical clients whilst the environmental engineering capability of the Group will be enlarged and upgraded with state-of-the-art equipment for spectrometry, spectrophotometry and chromatographic analyses. This upgrading will allow the R&D function of the Group to accommodate the planned expansion and new product development.

8. INFORMATION ON THE ANALABS GROUP (Cont'd)

An expansion of the technical staff is also being embarked upon to complement the upgrade of R&D equipment and facilities. These added capabilities will be crucial to the maintenance of the Group's technical advantage in materials recovery from its collection of industrial wastes and the recovery of solvents, ferric chloride, copper sulphate and non-ferrous metals. The potential for the recovery of various non-ferrous metals such as nickel, copper and other highly valued metals, is enormous with non-ferrous metals used in many industrial applications and consumer products. These waste streams are presently not recovered locally in any significant scale. Non-ferrous metals are particularly strong candidates for materials recovery and are highly valued because they are naturally more scarce than ferrous metals.

According to the 1998 Environmental Quality Report, the food and beverage industry lags behind in compliance with environmental quality regulations, with only under 72% compliance in relation to industrial effluent discharge quality. Besides reducing the amount of scheduled waste in these effluent discharges, the Group has the expertise to recover organic materials as well, thus adding economic value to the process. Such organic materials may be reused as fertilizer or animal feed.

The concentration of industrial activity in the Northern Growth Triangle makes a industrial waste management and materials recovery facility in the north a sensible business move. In view of this, the Group plans to establish a materials recovery facility in the northern region to service the industries concentrated there, particularly in the electronics sector. Industries in the East Coast of the Peninsular generated 16% of the country's scheduled waste in 1998. Currently, there are no off-site recovery or recycling facilities available. The Group is presently exploring the establishment of a materials recovery facility in the East Coast to facilitate the disposal of these industrial wastes. *(Source: Malaysia Environment Report 1998, Department of Environment, Ministry of Science, Technology and the Environment Malaysia, 30 September 1999).*

The prospects for the future of the Analabs Group are bright, particularly in its core business of materials recovery and recycling from industrial waste. The Group's expansion into the Northern and East Coast regions will open up new markets for materials recovery and recycling, and by association, for industrial chemicals. Similarly, the new candidates for recovery from industrial waste will create new and potentially highly lucrative sources of revenue for the Group. Furthermore, the Group's continuing emphasis on R&D, business and product development is likely to develop materials recovery and other business possibilities not envisaged at the present time.

The overall environment, in which the Group operates, is and is expected to remain conducive to the Group's future growth. This is in view of the country's continuing industrial drive and growth, coupled with the growing public awareness of environmental issues and the government's increasing emphasis and enforcement on environmentally responsible waste handling.

9. FINANCIAL INFORMATION

9.1 Profit And Dividend Record

The proforma consolidated results of the Company for the five (5) years ended 30 April 1999 based on the assumption that the Group has been in existence since 1995:

	←-----Audited-----→					
	←-----Year Ended 30 April-----→					
	1995	1996	1997	1998	1999	Five (5) month period ended
	RM'000	RM'000	RM'000	RM'000	RM'000	30.09.99 RM'000
Turnover	15,378	19,422	22,943	28,126	30,863	16,777
Consolidated profit before taxation, exceptional items and minority interest	4,036	5,122	6,836	9,565	9,913	5,468
Taxation	(28)	(408)	(624)	(1,360)	(911)	(605)
Consolidated profit after taxation but before exceptional items and minority interest	4,008	4,714	6,212	8,205	9,002	4,863
Exceptional item	-	(495)	-	-	-	-
Consolidated profit after taxation and exceptional item but before minority interest	4,008	4,219	6,212	8,205	9,002	4,863
Minority interest	-	(12)	(30)	(58)	14	(25)
Consolidated profit after taxation and minority interest	4,008	4,207	6,182	8,147	9,016	4,838
No. of ordinary shares assumed to be in issue ('000)	40,000	40,000	40,000	40,000	40,000	40,000
Gross EPS (RM)	0.10	0.12	0.17	0.24	0.25	0.33 *
Net EPS (RM)	0.10	0.11	0.16	0.21	0.23	0.29 *
Gross dividend rate	3.00	8.00	15.00	-	-	0.80

Note:

1. *The Group's proforma consolidated financial results comprise the audited accounts of the Company and its subsidiaries, TAL, KLC, CWTP, RCSB, Inagro, QSP, Masmeru, ER and MField after making relevant adjustments considered appropriate for the respective years. The proforma consolidated results have been prepared based on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of the individual companies.*
2. *The increase in turnover and profit before taxation by approximately RM5.18 million and RM2.73 million respectively from 1997 to 1998 was mainly due to the increase in industrial waste recovery and recycling services as a subsidiary of Analabs Group began operating at a mature capacity.*

9. FINANCIAL INFORMATION (Cont'd)

3. *The effective tax rate was lower at 0.7% in 1995 as compared to the statutory tax rate 30% because there was a full reversal of taxation charge for a subsidiary of the Group as the subsidiary that was granted pioneer status under the Promotion of Investment Act, 1986 with effect from 1 August, 1992. This reversal was oneoff and did not effect taxation charge for 1996 and hence the effective tax rate reverted to a higher level for the year.*
4. *The higher effective tax rate for 1998 was due to transfers to deferred taxation resulting from depreciation expense being disallowed for taxation purposes.*
5. *The net EPS has been calculated based on the net consolidated profit after taxation and minority interest and number of ordinary shares assumed to be in issue of 40,000,000 Analabs shares of RM1.00 each after the Acquisitions of TAL, KLC, Inagro, RCSB and QSP for each year under review.*
6. *The exceptional item in 1996 was related to settlement arising from a legal claim by a contractor.*
7. *There were no extraordinary items during the period under review.*
8. *The Company did not earn any income or incur any expenditure during the financial period from 16 September, 1998, being the date of incorporation, to 30 April, 1999 and the five (5) month financial period ended 30 September, 1999 except expenditure deferred as preliminary and preoperating expenses in the balance sheet. In addition, no dividends were declared or paid by the Company for each period under review.*

* Annualised

9.2 Working Capital, Borrowings And Contingent Liabilities
(i) Working Capital

The Board of Directors of Analabs is of opinion that, barring any unforeseen circumstances and after taking into consideration of the cashflow projections, banking facilities available and the gross proceeds from the Rights Issue and Public Issue, the Analabs Group will have adequate working capital for its foreseeable requirements.

(ii) Borrowings

As at 15 March 2000 (being the latest practicable date of which such amounts could be calculated prior to the printing of this Prospectus), the Group's total treasury loan, bank borrowings, overdraft facilities and term loan facilities amounted to approximately RM4.1 million. Details of the bank borrowings are disclosed in section 8.2. The Group's bank borrowings are secured by way of:

1. Joint and several personal guarantees by certain directors of the Group;
2. Legal charges created over certain fixed assets owned by certain subsidiary companies as follows:
 - (a) HS(M) 976, 980, 988, 987 and PT Nos. 743, 747, 754 and 755, Mukim of Setul, District of Seremban, Negeri Sembilan Darul Khusus;
 - (b) HS(D) 80016, PT No. 14329, Mukim of Damansara, District of Petaling, Selangor Darul Ehsan;
 - (c) HS(D) 51801, PT No. 43449, Mukim and District of Klang, Selangor Darul Ehsan; and

9. **FINANCIAL INFORMATION** *(Cont'd)*

- (d) HS(D) 4791, PT No. 388, Lot 5782, Mukim 12, Daerah Barat Daya, Pulau Pinang.
- (e) CT. 266641 Lot No. 6493, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.
- (f) PN 5287 Lot No. 54, Section 92A, Town of Kuala Lumpur, Wilayah Persekutuan.

- 3. Corporate Guarantee given by KLC in respect of bank facilities granted to CWTP.
- 4. Fixed charge over certain assets of QSP.

Save as disclosed above, the Group does not have any other loan capital outstanding or created but unissued, mortgages or charges outstanding to date.

(iii) Contingent Liabilities

As at 15 March 2000 (being the latest practicable date of which such amounts could be calculated prior to the printing of this Prospectus), the Analabs Group does not have any material contingent liabilities except for bank guarantees in respect of banking facilities granted to KLC and CWTP amounting to RM8.85 million.

(iv) Capital Commitments

As at 15 March 2000 (being the latest practicable date of which such amounts could be calculated prior to the printing of this Prospectus), the Analabs Group has capital commitments amounting to approximately RM18.5 million in respect to the Group's capital expenditure which represents the amount to be utilised by the Group from the proceeds of the Rights Issue for expansion of business operations, purchase of machinery, R&D investment and the acquisition of Inagro as disclosed in section 8.2 of this Prospectus.

9. FINANCIAL INFORMATION (Cont'd)

9.3 Consolidated Profit Estimate and Forecast Together With The Notes Relating Thereto

The Board of Directors of the Company forecast that, barring unforeseen circumstances, the profit before taxation and profit after taxation of the Group for the financial years ending 30 April 2000 and 2001 will be as follows:

	Estimate 2000 RM'000	Forecast 2001 RM'000
Financial Years Ending 30 April		
Consolidated profit before taxation and minority interest	12,314	18,357
Less : Pre-acquisition profits	(457)	-
Post-acquisition consolidated profit before taxation and minority interest	<u>11,857</u>	<u>18,357</u>
Less : Minority interest	(76)	(36)
Consolidated profit before taxation but after minority interest	<u>11,781</u>	<u>18,321</u>
Less: Taxation	(1,995)	(3,020)
Consolidated profit after taxation and minority interest	<u>9,786</u>	<u>15,301</u>
Weighted average / number of shares issued and paid-up share capital ('000)	12,193	40,000
Gross EPS (sen)	96.62	45.80
Net EPS (sen)	80.26	38.25
Gross PE Multiple based on the issue price of RM1.70 per ordinary share (times)	1.76	3.71
Net PE Multiple based on the issue price of RM1.70 per ordinary share (times)	2.12	4.44

The principal assumptions upon which the proforma consolidated profit estimate and forecast have been prepared are as follows:

- a. There will be no significant changes in the prevailing economic and political conditions or other abnormal changes in Malaysia and elsewhere that will adversely affect the activities or performance of the Group.
- b. There will be no significant changes in the present legislation and regulations that will affect the Group.
- c. There will be no significant changes in the cost of raw materials and other production overheads.
- d. The prevailing market conditions will remain materially unchanged.
- e. The inflation and interest rates will not fluctuate significantly from their forecast levels.
- f. There will be no major industrial disputes or any other abnormal factors which may materially affect operations, income or expenditure at the forecast levels.
- g. The Group's existing financial facilities will continue to be available at the current interest rates.

9. **FINANCIAL INFORMATION** *(Cont'd)*

- h. There will be no major fluctuation in foreign currencies from their estimate and forecast levels and the exchange rate will remain pegged at the current rate of RM3.80 to USD1.00.
- i. The rates and bases of taxation will not deviate substantially from current levels and the reinvestment allowances claimed will be fully allowed by the Inland Revenue Board.
- j. There will be no significant changes in the principal activities and structure of the Group.
- k. There will be no material changes in the existing accounting , management and operating policies of the Group.
- l. Capital expenditure programmes will be implemented and incurred on schedule and there will be no material acquisitions or disposals of fixed assets other than those planned .
- m. The proceeds from the Rights Issue and Public Issue of approximately RM33 million are expected to be received by the final quarter of 2000. Listing expenses is estimated to be approximately RM1.5 million.

9. FINANCIAL INFORMATION (Cont'd)

9.4 Reporting Accountants' Letter On The Consolidated Profit Estimate and Forecast

ARTHUR
ANDERSEN

(Prepared for inclusion in the Prospectus to be dated 23 March, 2000)

20 March, 2000

The Board of Directors
Analabs Resources Berhad
Suite 102, B09/2 Block B, Second Floor
Pusat Perdagangan Taman Dagang
Jalan Dagang Besar
68000 Ampang
Selangor Darul Ehsan

Arthur Andersen & Co.
Public Accountants

Level 23A, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
Damansara Heights, 50490 Kuala Lumpur.
P O Box 11040, 50734 Kuala Lumpur, Malaysia.
603-257 7000
603-255 5332 (Fax) Main
603-255 9076, 255 9078 (Fax) ABA


Gentlemen,

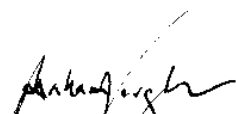
**CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE YEARS ENDING
30 APRIL, 2000 AND 2001**

We have reviewed the accounting policies and calculations for the consolidated profit estimate and forecast of ANALABS RESOURCES BERHAD ("Analabs") and its subsidiaries ("Group"), for which the Directors are solely responsible, for the years ending 30 April, 2000 and 2001 as set out in the Appendix, in connection with the Public Issue of 6,220,000 new ordinary shares of RM1.00 each at an issue price of RM1.70 per ordinary share and the listing and quotation of the entire enlarged issued and paid-up share capital of Analabs comprising 40,000,000 ordinary shares of RM1.00 each on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the consolidated profit estimate and forecast, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors as set out in the Appendix and are prepared on a basis consistent with the accounting policies normally adopted by the companies within the Group.

Yours faithfully


Arthur Andersen & Co.
No. AF/0103
Public Accountants


Abraham Verghese A/L T.V. Abraham
No. 1664/10/00(J)
Partner of the Firm

9. FINANCIAL INFORMATION (Cont'd)

9.5 Proforma Consolidated Balance Sheet As at 30 September 1999

ANALABS RESOURCES BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 30 SEPTEMBER, 1999

The Proforma Consolidated Balance Sheets of Analabs Resources Berhad ("Analabs") as at 30 September, 1999 as set out below are provided for illustrative purposes only:

	<-----Proforma----->		
	1	2	3
	RM'000	RM'000	RM'000
CURRENT ASSETS			
Cash and bank balances	3,520	25,947	31,923
Deposits with licensed banks	487	487	487
Trade debtors	11,035	11,035	11,035
Other debtors, deposits and prepayments	1,047	1,047	1,047
Stocks	645	645	645
	<u>16,734</u>	<u>39,161</u>	<u>45,137</u>
CURRENT LIABILITIES			
Short term borrowings	2,901	2,901	2,901
Trade creditors	3,164	3,164	3,164
Other creditors and accruals	10,767	10,767	7,669
Taxation	1,504	1,504	1,504
	<u>18,336</u>	<u>18,336</u>	<u>15,238</u>
NET CURRENT (LIABILITIES)/ ASSETS	(1,602)	20,825	29,899
FIXED ASSETS	39,267	39,267	39,267
INTANGIBLE ASSETS	445	445	445
TERM LOANS	(600)	(600)	(600)
DEFERRED TAXATION	(1,855)	(1,855)	(1,855)
HIRE PURCHASE AND LEASE CREDITORS	(78)	(78)	(78)
MINORITY INTERESTS	(151)	(151)	(151)
	<u>35,426</u>	<u>57,853</u>	<u>66,927</u>
SHAREHOLDERS' FUNDS			
Share capital	11,353	33,780	40,000
Share premium	3,490	3,490	6,344
Revaluation reserve	3,410	3,410	3,410
Retained profits	17,173	17,173	17,173
	<u>35,426</u>	<u>57,853</u>	<u>66,927</u>
Net tangible assets per share (RM)	<u>3.08</u>	<u>1.70</u>	<u>1.66</u>

9. FINANCIAL INFORMATION (Cont'd)

9.5 Proforma Consolidated Balance Sheet As at 30 September 1999

ANALABS RESOURCES BERHAD
NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS

The Proforma Consolidated Balance Sheets of Analabs Resources Berhad ("Analabs") have been prepared for illustrative purposes only based on accounting principles and bases consistent with those previously adopted in the preparation of the audited financial statements and are based on the audited balance sheets of Analabs, Centralised Waste Treatment Plant Sdn Bhd ("CWTP"), Electronic Resource Sdn Bhd ("ER"), Inagro Sdn Bhd ("Inagro"), K & L Chemicals Sdn Bhd ("KLC"), Masmeru Sdn Bhd ("Masmeru"), QSP Chemie (M) Sdn Bhd ("QSP"), Resources Conservation Sdn Bhd ("RCSB"), The Analytical Laboratories (M) Sdn Bhd ("TAL") and M-Field Sdn Bhd ("M-Field"), as at 30 September, 1999 and have been prepared after implementation in full the proposals and relevant adjustments.

1. Proforma 1

Analabs was incorporated on 16 September, 1998.

Proforma 1 assumes Analabs has a paid up share capital of RM2.00 and reflects the following acquisitions of TAL, KLC, RCSB, QSP and Inagro as if the acquisitions had taken place as at 30 September, 1999:

<u>Company</u>	Issued and paid-up share capital acquired <u>RM</u>	Equity interest acquired <u>%</u>	Purchase consideration to be settled by share issue <u>RM</u>	Number of new ordinary shares of RM1.00 each in Analabs at RM1.884 per share	Purchase consideration to be settled by cash
TAL	50,000	100	1,208,859	641,645	-
KLC	300,000	100	7,724,805	4,100,215	-
RCSB	4,000,000	100	5,017,394	2,663,160	-
QSP	60,000	60	210,544	111,754	-
Inagro	1,000,000	100	7,227,676	3,836,346	3,097,576

9. FINANCIAL INFORMATION (Cont'd)

9.5 Proforma Consolidated Balance Sheet As at 30 September 1999

Masmeru and ER are subsidiaries of TAL whereas CWTP and M-Field are subsidiaries of KLC. The acquisitions of the entire equity interest in TAL and KLC by Analabs effectively makes Analabs the ultimate holding company of CWTP, M-Field, Masmeru and ER.

2. Proforma 2

Proforma 2 incorporates the transactions in Proforma 1 and the rights issue of 22,426,878 new ordinary shares in Analabs on the basis of approximately 1,975 new ordinary shares of RM1.00 each for every 1,000 existing ordinary shares at an issue price of RM1.00 per share.

3. Proforma 3

Proforma 3 incorporates the transactions in Proforma 2 and the proposed public issue of 6,220,000 new ordinary shares of RM1.00 each in Analabs at an indicative issue price of RM1.70 per share.

The proposed utilisation of the proceeds from the rights issue in Proforma 2 amounting to RM22,426,878 and the proceeds of RM10,574,000 from the proposed public issue are as follows:

	RM'000
Rights issue:	
Expansion of business operations	9,440
Purchase of machinery	3,800
Research and development investment	2,335
Acquisition of remaining 30% equity interest in INAGRO	3,097
Repayment of the entire bank borrowings for the acquisition of M-Field	1,750*
Working capital	2,005
	<u>22,427</u>

* Subsequent to the approval of the Securities Commission, CWTP, a wholly-owned subsidiary of KLC, acquired M-Field for a purchase consideration of RM2.50 million. The acquisition of M-Field was financed via a RM1.75 million bank borrowings of and the balance by internally generated funds. The acquisition was approved by the SC on 14 March, 2000

Public issue:

Repayment of bank borrowings	4,100
Estimated listing expenses	1,500
Working capital	4,974
	<u>10,574</u>

The estimated listing expenses of RM1,500,000 has been set off against the share premium account.

9. FINANCIAL INFORMATION (Cont'd)

9.5 Proforma Consolidated Balance Sheet As at 30 September 1999

4. The movements in the share capital and share premium account of Analabs are as follows:

	<u>Share capital</u> RM'000	<u>Share premium</u> RM'000
Proforma 1 - Share capital at incorporation and shares issued as consideration for the acquisitions of TAL, KLC, RCSB, QSP and Inagro	11,353	3,490
Proforma 2 - Rights issue	22,427	-
Proforma 3 - Proposed public issue	6,220	4,354
- Listing expenses	-	(1,500)
	<u>40,000</u>	<u>6,344</u>

5. The proforma consolidated balance sheets have been prepared on a basis consistent with the accounting policies normally adopted by Analabs' subsidiaries.

9. FINANCIAL INFORMATION (Cont'd)

9.5 Proforma Consolidated Balance Sheet As at 30 September 1999

ARTHUR
ANDERSEN

(Prepared for inclusion in the Prospectus to be dated 23 March, 2000)

20 March, 2000

The Board of Directors
Analabs Resources Berhad
Suite 102, B09/2 Block B, Second Floor
Pusat Perdagangan Taman Dagang
Jalan Dagang Besar
68000 Ampang
Selangor Darul Ehsan

Arthur Andersen & Co.
Public Accountants

Level 23A, Menara Milenium,
Jalan Damansara, Pusat Bandar Damansara,
Damansara Heights, 50490 Kuala Lumpur.
P O Box 11040, 50734 Kuala Lumpur, Malaysia.
603-257 7000
603-255 5332 (Fax) Main
603-255 9076, 255 9078 (Fax) ABA

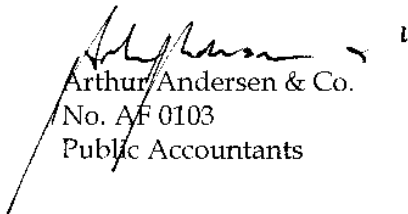
Gentlemen,

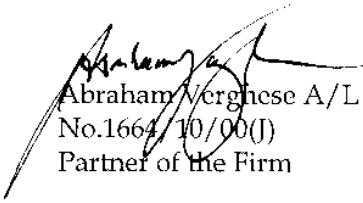
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER, 1999

We have reviewed the Proforma Consolidated Balance Sheets of ANALABS RESOURCES BERHAD ("Analabs") and its subsidiaries ("the Group") as at 30 September, 1999 together with the notes thereon, for which the Directors are solely responsible, as set out in the Prospectus to be dated 23 March, 2000 in connection with the public issue of 6,220,000 new ordinary shares of RM1.00 each at an issue price of RM1.70 per ordinary share and the listing and quotation of the entire enlarged issued and paid-up share capital of Analabs comprising 40,000,000 ordinary shares of RM1.00 each on the Second Board on the Kuala Lumpur Stock Exchange.

In our opinion, the Proforma Consolidated Balance Sheets together with the notes thereon, which are provided for illustrative purposes only, have been prepared on a basis consistent with the accounting policies normally adopted by the Group and are presented in a form suitable for inclusion in the Prospectus.

Yours faithfully


Arthur Andersen & Co.
No. AF 0103
Public Accountants


Abraham Vergheese A/L T.V. Abraham
No.1664/10/00(J)
Partner of the Firm

9. FINANCIAL INFORMATION (Cont'd)

9.7 Dividend Estimate and Forecast

It is the policy of the Directors in recommending dividends to allow shareholders to participate in the profits of the Analabs Group as well as leaving adequate reserves for the future growth of the Group.

Based on the consolidated profit estimate and forecast for the financial years ending 30 April 2000 and 2001 respectively, the Directors of Analabs anticipate that the Company is in a position to propose gross dividend of 5% and 5.5% respectively based on the enlarged issued and paid-up share capital of RM40,000,000 ordinary shares for the respective financial years ending 30 April 2000 and 2001.

The intended appropriation of the estimate and forecast consolidated profit after taxation in respect of the financial years ending 30 April 2000 and 2001 would be as follows:

	Estimate 2000 RM'000	Forecast 2001 RM'000
Financial Year Ending 30 April		
Consolidated profit before taxation and minority interest	12,314	18,357
Less : Pre-acquisition profits	(457)	-
Post-acquisition consolidated profit before taxation and minority interest	<u>11,857</u>	<u>18,357</u>
Less : Minority interest	(76)	(36)
Consolidated profit before taxation but after minority interest	<u>11,781</u>	<u>18,321</u>
Less: Taxation	(1,995)	(3,020)
Consolidated profit after taxation and minority interest	<u>9,786</u>	<u>15,301</u>
Less : Proposed dividend (2000/1 : 5.0/5.5 % less 28% tax)	(1,440)	(1,584)
Profit retained for the year	<u>8,346</u>	<u>13,717</u>
Gross dividend per share (sen)	5.00	5.50
Gross dividend yield (%), (based on the Public Issue price of RM1.70 per share)	2.94	3.24
Net dividend yield (%), (based on the Public Issue price of RM1.70 per share)	2.12	2.33
Net dividend cover (times)	6.80	9.66