

10. ACCOUNTANTS' REPORT

ARTHUR
ANDERSEN

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

20 March, 2000

The Board of Directors
Analabs Resources Berhad
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Dear Sirs,

1. INTRODUCTION

This report has been prepared for inclusion 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 offer price of RM1.70 per share in Analabs Resources Berhad (hereinafter referred as "Analabs" or "the Company") and the listing of and quotation for the entire issued and fully paid-up shares of Analabs comprising 40,000,000 ordinary shares of RM1.00 each on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE").

2. GENERAL INFORMATION

2.1 **The Company**

Analabs was incorporated on 16 September, 1998 under the Companies Act, 1965 as a limited company in Malaysia, with an authorised and paid-up share capital of the Company are RM100,000 and RM2 respectively comprising 100,000 and 2 ordinary shares of RM1.00 each respectively.

Analabs is principally involved in investment holding and the provision of management services to its subsidiaries. The Analabs Group is principally engaged in the 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 authorised and paid-up share capital of the Company was increased to RM50,000,000 and RM11,353,122 respectively comprising 50,000,000 and 11,353,122 ordinary shares of RM1.00 each respectively on 18 November, 1999. The paid-up share capital of the Company was further increased to RM33,780,000 via a rights issue of 22,426,878 ordinary shares of RM1.00 each on 15 March, 2000.

10. ACCOUNTANTS' REPORT (Cont'd)**2.2 The subsidiaries**

The information on the subsidiaries, all of which are private limited companies incorporated in Malaysia, is as follows:

The Analytical Laboratories (M) Sdn. Bhd. ("TAL")

TAL was incorporated in Malaysia as a private limited company on 30 December, 1974. The authorised share capital at the date of incorporation was RM50,000 divided into 50,000 ordinary shares of RM1.00 each. As at the date of this report, the entire authorised share capital has been issued and fully paid-up.

The movement of TAL's issued and paid-up capital since the date of incorporation until 30 September, 1999 is as follows:

	Number of Ordinary Shares of RM1.00 each
Subscriber's shares	2
Issued on 24 June, 1980	49,998
Total issued and paid-up share capital as at 30 September, 1999	<u>50,000</u>

TAL is principally engaged in industrial waste management consultancy, waste water treatment plant design and commissioning, laboratory analysis and investment holding.

TAL changed its financial year end from 31 March to 30 April in 1997 to be coterminous with that of its holding company, Analabs.

K & L Chemicals Sdn. Bhd. ("KLC")

KLC was incorporated in Malaysia as a private limited company on 13 March, 1982. The authorised share capital at the date of incorporation was RM25,000 divided into 25,000 ordinary shares of RM1.00 each and was subsequently increased to RM300,000 on 25 June, 1991. The issued and paid-up capital as at the date of this report is RM300,000 comprising 300,000 ordinary shares of RM1.00 each.

The movement of KLC's issued and paid-up capital since the date of incorporation until 30 September, 1999 is as follows:

	Number of Ordinary Shares of RM1.00 each
Subscriber's shares	2
Issued on 9 February, 1984	24,998
Issued on 5 December, 1990	75,000
Issued on 25 June, 1991	<u>200,000</u>
Total issued and paid-up share capital as at 30 September, 1999	<u>300,000</u>

10. ACCOUNTANTS' REPORT (Cont'd)

KLC is principally engaged in trading of industrial chemicals.

Centralised Waste Treatment Plant Sdn. Bhd. ("CWTP")

CWTP was incorporated in Malaysia as a private limited company on 5 August, 1988. The authorised share capital at the date of incorporation was RM1,000,000 divided into 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up capital as at the date of this report is RM300,004 comprising 300,004 ordinary shares of RM1.00 each.

The movement of CWTP's issued and paid-up capital since the date of incorporation until 30 September, 1999 is as follows:

	Number of Ordinary shares Of RM1.00 each
Subscriber's shares	4
Issued on 18 March, 1991	300,000
Total issued and paid-up share capital as at 30 September, 1999	<u>300,004</u>

CWTP is principally engaged in the recovery and recycling of industrial waste.

Resources Conservation Sdn. Bhd. ("RCSB")

RCSB was incorporated in Malaysia as a private limited company on 16 October, 1985 under the name of Lomac Sdn. Bhd., which was subsequently changed to Propmart Sdn. Bhd. on 20 April, 1990. On 27 January, 1996, the company assumed its present name. The authorised share capital at the date of incorporation was RM25,000 divided into 25,000 ordinary shares of RM1.00 each. The authorised share capital was subsequently increased to RM500,000 on 16 September, 1996 and further increased to RM5,000,000 on 29 September, 1998 divided into 500,000 and 5,000,000 ordinary shares of RM1.00 each respectively. The issued and paid-up capital as at the date of this report is RM4,000,000 comprising 4,000,000 ordinary shares of RM1.00 each.

The movement of RCSB's issued and paid-up capital since the date of incorporation until 30 September, 1999 is as follows:

	Number of Ordinary Shares of RM1.00 each
Subscriber's shares	4
Issued on 21 June, 1986	96
Issued on 18 December, 1995	99,900
Issued on 16 September, 1996	150,000
Issued on 29 September, 1998	3,750,000
Total issued and paid-up share capital as at 30 September, 1999	<u>4,000,000</u>

RCSB increased its issued and paid-up share capital to RM4,000,000 via a bonus issue of 3,750,000 ordinary shares of RM1.00 each through the capitalisation of its retained profits on 29 September, 1998.

10. ACCOUNTANTS' REPORT (Cont'd)

RCSB is principally engaged in the recovery and recycling of liquid and solid industrial waste.

RCSB changed its financial year end from 30 April to 31 December 1997 and is proposing to change its financial year end to 30 April to be coterminous with that of its holding company, Analabs.

Inagro Sdn. Bhd. ("Inagro")

Inagro was incorporated in Malaysia as a private limited company on 7 April, 1981. The authorised share capital at the date of incorporation was RM500,000 divided into 500,000 ordinary shares of RM1.00 each and was subsequently increased to RM5,000,000 on 29 September, 1993. The issued and paid-up capital as at the date of this report is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each.

The movement of Inagro's issued and paid-up capital since the date of incorporation until 30 September, 1999 is as follows:

	Number of Ordinary Shares of RM1.00 each
Subscriber's shares	2
Issued on 25 August, 1981	30,000
Issued on 10 September, 1981	90,000
Issued on 16 December, 1981	40,000
Issued on 4 February, 1982	40,000
Issued on 15 May, 1991	200,002
Issued on 22 September, 1993	100,000
Issued on 27 October, 1993	499,996
Total issued and paid-up share capital as at 30 September, 1999	<u>1,000,000</u>

Inagro is principally engaged in the formulation and repacking of agrochemicals. It also provides warehousing facilities to its customers.

Inagro is proposing to change its financial year end from 30 June to 30 April to be coterminous with that of its holding company, Analabs.

QSP Chemie (M) Sdn. Bhd. ("QSP")

QSP was incorporated in Malaysia as a private limited company on 4 August, 1995. The authorised share capital at the date of incorporation was RM100,000 divided into 100,000 ordinary shares of RM1.00 each. As at the date of this report the entire authorised share capital has been issued and fully paid-up.

10. ACCOUNTANTS' REPORT (Cont'd)

The movement of QSP's issued and paid-up capital since the date of incorporation until 30 September, 1999 is as follows:

	Number of Ordinary Shares of RM1.00 each
Subscriber's shares	2
Issued on 10 June, 1996	99,998
Total issued and paid-up share capital as at 30 September, 1999	<u>100,000</u>

QSP is principally engaged in trading of industrial chemicals and its related products.

QSP changed its financial year end to 30 April in 1997 to be coterminous with that of its holding company, Analabs.

Masmeru Sdn. Bhd. ("Masmeru")

Masmeru was incorporated in Malaysia as a private limited company on 11 October, 1983. The authorised share capital at the date of incorporation was RM25,000 divided into 25,000 ordinary shares of RM1.00 each. The authorised share capital was subsequently increased to RM50,000 on 10 December, 1985 and further increased to RM60,000 on 5 February, 1988 divided into 50,000 and 60,000 ordinary shares of RM1.00 each respectively. The issued and paid-up capital as at the date of this report is RM50,001 comprising 50,001 ordinary shares of RM1.00 each.

The movement of Masmeru's issued and paid-up capital since the date of incorporation until 30 September, 1999 is as follows:

	Number of Ordinary Shares of RM1.00 each
Subscriber's shares	2
Issued on 31 December, 1984	8
Issued on 19 December, 1985	49,990
Issued on 27 January, 1988	1
Total issued and paid-up share capital as at 30 September, 1999	<u>50,001</u>

Masmeru is principally engaged in property letting.

Masmeru changed its financial year end to 30 April in 1997 to be coterminous with that of its holding company, TAL.

Electronic Resource Sdn. Bhd. ("ER")

ER was incorporated in Malaysia as a private limited company on 19 April, 1985. The authorised share capital at the date of incorporation was RM25,000 divided into 25,000 ordinary shares of RM1.00 each. The issued and paid-up capital as at the date of this report is RM3,100 comprising 3,100 ordinary shares of RM1.00 each.

10. ACCOUNTANTS' REPORT (Cont'd)

The movement of ER's issued and paid-up capital since the date of incorporation until 30 September, 1999 is as follows:

	Number of Ordinary Shares of RM1.00 each
Subscriber's shares	100
Issued on 27 September, 1987	<u>3,000</u>
Total issued and paid-up share capital as at 30 September, 1999	<u><u>3,100</u></u>

ER is principally engaged in property letting.

ER changed its financial year end to 30 April in 1997 to be coterminous with that of its holding company, TAL.

M-Field Sdn. Bhd. ("M-Field")

M-Field was incorporated in Malaysia as a private limited company on 12 April, 1985 under the name of Micro-Precision Technology Sdn. Bhd. On 6 August, 1996, the company assumed its present name. The authorised share capital at the date of incorporation was RM250,000 divided into 250,000 ordinary shares of RM1.00 each. The issued and paid-up capital as at the date of this report is RM9,000 comprising 9,000 ordinary shares of RM1.00 each.

The movement of M-Field issued and paid-up capital since the date of incorporation until 30 September, 1999 is as follows:

	Number of Ordinary Shares of RM1.00 each
Subscriber's shares	2
Issued on 7 July, 1988	<u>8,998</u>
Total issued and paid-up share capital as at 30 September, 1999	<u><u>9,000</u></u>

M-Field is principally engaged in property letting.

3. RESTRUCTURING SCHEME

In conjunction with, and as an integral part of the listing of and quotation for the entire issued and paid-up ordinary capital of Analabs on the Second Board of the KLSE, the Company undertook a restructuring scheme which involved the following:

10. ACCOUNTANTS' REPORT (Cont'd)

	Number of Ordinary Shares of RM1.00 each
Shares issued on date of incorporation	2
Shares issued as consideration for the acquisition of the equity interest in:	
The Analytical Laboratories (M) Sdn. Bhd.	641,645
K & L Chemicals Sdn. Bhd.	4,100,215
Resources Conservation Sdn. Bhd.	2,663,160
Inagro Sdn. Bhd.	3,836,346
QSP Chemie (M) Sdn. Bhd.	111,754
Rights issue at RM1.00 per share	22,426,878
Issued and fully paid-up capital	<u>33,780,000</u>

The acquisitions by the Company were:

- (a) 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 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;
- (b) 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 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;
- (c) 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 satisfied by cash.
- (d) 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 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;
- (e) 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 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;
- (f) 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 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.

10. ACCOUNTANTS' REPORT (Cont'd)

As part of the restructuring exercise, TAL acquired

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

The above acquisitions and restructuring exercise were completed on 18 November, 1999.

The rights issue of 22,426,878 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share was on the basis of approximately 1,975 new ordinary shares for every 1,000 ordinary shares held after the above acquisitions. The rights issue was completed on 15 March, 2000.

Upon completion of the rights issue, Analabs proposes to make a public issue of 6,220,000 new ordinary shares of RM1.00 each at an offer price of RM1.70 per share and the listing of and quotation for the entire issued and fully paid-up shares of Analabs comprising 40,000,000 ordinary shares of RM1.00 each on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE").

4. AUDITORS

We were appointed auditors of the respective companies with effect from the financial period/ year ended as shown below:

<u>Company</u>	<u>Financial period/ year ended</u>
Analabs	30 April, 1999
KLC, QSP, CWTP, TAL and Masmeru	30 April, 1998
RCSB	31 December, 1997
ER	31 August, 1996
Inagro	30 June, 1999
M-Field	30 September, 1999

The said accounts were reported on by us without any qualification.

The accounts of the above companies except for Analabs and ER, prior to our appointment as auditors were audited by other firms of public accountants and their reports for the financial periods/years under review were not subject to any qualification.

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

Except for TAL, RCSB, QSP, Masmeru, ER and M-Field, the following companies have declared and paid dividends for the five financial years preceding the issue of the report.

Details of dividends declared and paid:

(a) KLC

Financial Year Ended 30 April	Issued And Paid-Up Share Capital RM'000	Net Dividend RM'000
1995	300	1,200
1996	300	3,000
1997	300	6,000

(b) CWTP

Financial Year Ended 30 April	Issued And Paid-Up Share Capital RM'000	Net Dividend RM'000
1995	300	1,200
1996	300	3,000
1997	300	6,000

(c) Inagro

Financial Year Ended 30 June	Issued And Paid-Up Share Capital RM'000	Net Dividend RM'000
1995	1,000	27
1996	1,000	28
1997	1,000	29
1999	1,000	324

No dividends were declared for the five months ended 30 September, 1999.

10. ACCOUNTANTS' REPORT *(Cont'd)*

On 16 November, 1999, KLC, CWTP and TAL declared and paid the following interim dividends for the financial year ending 30 April, 2000 and Inagro declared and paid the following interim dividends for the financial year ending 30 June, 2000:

	Issued And Paid-Up Share Capital RM'000	Net Dividend RM'000
KLC	300	6,088
CWTP	300	5,800
TAL	50	288
RCSB	4,000	6,000
Inagro	1,000	432

10. ACCOUNTANTS' REPORT (Cont'd)**6. SUMMARISED PROFIT AND LOSS ACCOUNTS**

6.1 We set out below the proforma consolidated financial results of Analabs and its subsidiaries ("the Group") for the last five financial years ended 30 April (except for companies which have been incorporated for less than five year) and for the five month period ended 30 September, 1999. The proforma consolidated results are provided for illustrative purposes only, assuming that Analabs had acquired the said subsidiaries prior to 1995.

The following proforma consolidated results are to be read in conjunction with the notes thereto:

	Financial year ended 30 April					Five month period ended
	1995	1996	1997	1998	1999	30 September 1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	15,378	19,422	22,943	28,126	30,863	16,777
Profit before depreciation, interest and taxation	5,066	6,658	8,733	12,121	13,415	6,839
Interest expense	(659)	(893)	(1,371)	(624)	(590)	(86)
Depreciation	(371)	(643)	(526)	(1,932)	(2,912)	(1,285)
Profit before taxation	4,036	5,122	6,836	9,565	9,913	5,468
Taxation	(28)	(408)	(624)	(1,360)	(911)	(605)
Profit after taxation but before exceptional item and minority interests	4,008	4,714	6,212	8,205	9,002	4,863
Exceptional item	-	(495)	-	-	-	-
Profit after taxation and exceptional items but before minority interest	4,008	4,219	6,212	8,205	9,002	4,863
Minority interests	-	(12)	(30)	(58)	14	(25)
Profit after taxation and minority interest	4,008	4,207	6,182	8,147	9,016	4,838
Number of ordinary shares assumed to be in issue ('000)	40,000	40,000	40,000	40,000	40,000	40,000
Gross earnings per share (RM)	0.10	0.12	0.17	0.24	0.25	0.33*
Net earnings per share (RM)	0.10	0.11	0.16	0.21	0.23	0.29*
Gross dividend rate (%)	3.0	8.0	15.0	-	-	0.8

* annualised

10. ACCOUNTANTS' REPORT *(Cont'd)*

Notes to the summary of proforma consolidated results:

- (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 as we 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) 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 the 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 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) 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 interests and number of ordinary shares assumed to be in issue of 40 million Analabs shares 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 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.

6.2 We set out below the summary of results of the individual companies of the Group to be read in conjunction with notes thereon.

6.2.1 Analabs

The Company did not earn any income or incur any expenditure during the financial period from 16 September, 1998 (date of incorporation) to 30 April, 1999 and the five month financial period ended 30 September, 1999 except expenditure deferred as preliminary and pre-operating expenses in the balance sheet .

10. ACCOUNTANTS' REPORT (Cont'd)

6.2.2 TAL

	Financial year ended		Thirteen	Financial year ended		Five
	31 March	31 March	month	30 April	30 April	month
	1995	1996	period	1998	1999	period
	RM'000	RM'000	ended 30	RM'000	RM'000	ended 30
			April			September
			1997			1999
			RM'000			RM'000
Turnover	2,017	3,593	3,320	3,166	3,287	1,675
Cost of sales	(1,204)	(2,430)	(2,041)	(2,273)	(2,087)	(1,253)
Gross profit	813	1,163	1,279	893	1,200	422
Other income	1	19	18	21	18	9
Operating expenses	(533)	(890)	(1,024)	(703)	(766)	(308)
Profit before depreciation, interest and taxation	281	292	273	211	452	148
Interest expense	(12)	(10)	(3)	(3)	(6)	-
Depreciation	(61)	(58)	(44)	(64)	(61)	(24)
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 share ('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*

*annualised

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.

10. ACCOUNTANTS' REPORT (Cont'd)**6.2.3 KLC**

	Financial year ended 30 April					Five month period ended 30 September
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	1999 RM'000
Turnover- sales	4,665	3,860	4,988	5,078	6,309	3,641
- dividend received	1,200	3,000	6,000	-	-	-
Cost of sales	(3,811)	(3,051)	(3,794)	(3,744)	(4,492)	(2,789)
Gross profit	2,054	3,809	7,194	1,334	1,817	852
Other income	43	-	-	26	-	-
Operating expenses	(666)	(554)	(616)	(873)	(1,279)	(624)
Profit before depreciation, interest and taxation	1,431	3,255	6,578	487	538	228
Interest expenses	(78)	(49)	(67)	(30)	(28)	(3)
Depreciation	(90)	(148)	(109)	(150)	(141)	(52)
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 share ('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*

* annualised

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.

10. ACCOUNTANTS' REPORT (Cont'd)**6.2.4 CWTP**

	Financial year ended 30 April					Five month period ended 30 September
	<u>1995</u> RM'000	<u>1996</u> RM'000	<u>1997</u> RM'000	<u>1998</u> RM'000	<u>1999</u> RM'000	<u>1999</u> RM'000
Turnover	3,560	4,866	5,295	6,389	7,869	3,957
Cost of sales	(290)	(409)	(439)	(742)	(1,096)	(532)
Gross profit	3,270	4,457	4,856	5,647	6,773	3,425
Other income	-	1	14	3	2	5
Operating expenses	(377)	(461)	(356)	(559)	(841)	(428)
Profit before depreciation, interest and taxation	2,893	3,997	4,514	5,091	5,934	3002
Interest expense	-	(14)	(1)	(34)	(25)	(5)
Depreciation	(105)	(136)	(136)	(556)	(1,445)	(625)
Profit before taxation	2,788	3,847	4,377	4,501	4,464	2,372
Taxation	70	-	-	(568)	(561)	(422)
Profit after taxation but before exceptional items	2,858	3,847	4,377	3,933	3,903	1,950
Exceptional item	-	(495)	-	-	-	-
Profit after taxation	2,858	3,352	4,377	3,933	3,903	1,950
Weighted average number of ordinary share ('000)	300	300	300	300	300	300
Gross EPS (RM)	9.29	12.82	14.59	15.00	14.88	18.98*
Net EPS (RM)	9.53	12.82	14.59	13.11	13.01	15.60*
Gross dividend rate (%)	400	1,000	2,000	-	-	-

* annualised

Note

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

10. ACCOUNTANTS' REPORT (Cont'd)**6.2.5 RCSB**

	← Financial year ended 30 April →					Five month period ended 30 September
	<u>1995</u> RM'000	<u>1996</u> RM'000	<u>1997</u> RM'000	<u>**1998</u> RM'000	<u>**1999</u> RM'000	<u>1999</u> RM'000
Turnover	-	-	3,095	6,056	6,547	4,057
Cost of sales	-	-	(1,212)	(860)	(734)	(556)
Gross profit	-	-	1,883	5,196	5,813	3,501
Other income	-	-	-	201	95	39
Operating expenses	(8)	(29)	(93)	(790)	(936)	(764)
(Loss)/profit before depreciation, interest and taxation	(8)	(29)	1,790	4,607	4,972	2,776
Interest expense	-	-	-	(125)	(224)	(4)
Depreciation	-	-	(492)	(581)	(678)	(344)
(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 share ('000)	*	38	194	250	2,438	4,000
Gross EPS (RM)	(80.00)	(0.76)	6.69	15.60	1.67	1.46***
Net EPS (RM)	(80.00)	(0.76)	5.29	13.65	1.54	1.47***

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

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

*** annualised

Notes:

- (1) There was no turnover in 1995 and 1996 as RCSB has not commenced its intended principal 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 RCSB began operating at a mature capacity. This in turn caused the huge increase in profit before tax in 1998.
- (3) RCSB enjoys pioneer status which exempts certain of its profits from taxation for 5 years ending 31 December, 2001.

10. ACCOUNTANTS' REPORT (Cont'd)

6.2.6 Inagro

	Financial year ended 30 June					Three month period ended 30 September 1999
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	1999 RM'000
Turnover	6,927	7,948	6,119	6,034	6,216	1,628
Cost of sales	(5,039)	(5,180)	(4,585)	(4,155)	(4,402)	(1,181)
Gross profit	1,888	2,768	1,534	1,879	1,814	447
Other income	58	59	50	3	16	-
Operating expenses	(368)	(840)	(460)	(441)	(353)	(170)
Profit before depreciation, interest and taxation	1,578	1,987	1,124	1,441	1,477	277
Interest expense	(256)	(586)	(370)	(394)	(247)	(27)
Depreciation	(315)	(503)	(489)	(493)	(492)	(41)
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 share ('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 (%)	2.7	2.8	2.9	-	32.4	-

* annualised

Notes:

- (1) Decrease in profit before taxation for 1996 and 1997 was mainly due to the depreciation charge arising from the newly acquired factory completed in 1997. In addition, Inagro 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 overprovision of deferred tax. The amount was subsequently reversed in 1997.
- (3) There were no extraordinary items during the period under review.

10. ACCOUNTANTS' REPORT (Cont'd)**6.2.7 QSP**

	Seventeen month period ended 31 December 1996 RM'000	Sixteen month period ended 30 April 1998 RM'000	Financial year ended 30 April 1999 RM'000	Five month period ended 30 September 1999 RM'000
Turnover	4,532	7,409	5,353	2,492
Cost of sales	(4,044)	(6,207)	(4,734)	(2,169)
Gross profit	488	1,202	619	323
Other income	-	6	42	8
Operating expenses	(372)	(837)	(611)	(221)
Profit before depreciation, interest and taxation	116	371	50	110
Interest expense	(1)	(38)	(36)	(6)
Depreciation	(26)	(48)	(43)	(18)
Profit/(loss) before taxation	89	285	(29)	86
Taxation	(31)	(92)	(6)	(25)
Profit/(loss) after taxation	58	193	(35)	61
Weighted average number of ordinary share ('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*

* annualised

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 tax 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 QSP 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.

10. ACCOUNTANTS' REPORT (Cont'd)**6.2.8 Masmeru**

	Financial year ended		Thirteen	Financial year ended		Five
	31 March		month	30 April		month
	1995	1996	period	1998	1999	period ended
	RM'000	RM'000	ended 30	RM'000	RM'000	30 September
			April			1999
			RM'000			RM'000
Turnover	24	24	46	42	42	18
Operating expenses	(11)	(14)	(16)	(11)	(14)	(4)
Profit before depreciation, interest and taxation	13	10	30	31	28	14
Interest expense	-	-	-	(2)	-	-
Depreciation	(12)	(12)	(11)	(12)	(11)	(5)
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 share ('000)	50	50	50	50	50	50
Gross EPS (RM)	0.02	(0.04)	0.35*	0.34	0.34	0.43*
Net EPS (RM)	(0.08)	(0.12)	0.17*	0.14	0.34	0.24*

* annualised

Notes:

- (1) Turnover of Masmeru consists 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 rates were consistent throughout the financial years under review.
- (3) There were no extraordinary items during the period under review.

10. ACCOUNTANTS' REPORT (Cont'd)**6.2.9 ER**

	Financial year ended		Thirteen	Financial year ended		Five
	31 August	31 August	month	30 April	30 April	month
	1995	1996	period	1998	1999	period
	RM'000	RM'000	ended 30	RM'000	RM'000	ended
			April			30 September
			1997			1999
			RM'000			RM'000
Turnover	12	17	16	24	24	10
Operating expenses	(8)	(12)	(6)	(7)	(10)	(5)
Profit before depreciation, interest and taxation	4	5	10	17	14	5
Interest expense	(6)	(4)	(2)	-	-	-
Depreciation	(6)	(6)	(4)	(6)	(6)	(2)
(Loss)/profit before taxation	(8)	(5)	4	11	8	3
Taxation	-	(2)	(3)	(5)	-	(3)
(Loss)/profit after taxation	(8)	(7)	1	6	8	-
Weighted average number of ordinary share ('000)	3	3	3	3	3	3
Gross EPS (RM)	(2.67)	(1.67)	1.23*	3.67	2.67	2.40*
Net EPS (RM)	(2.67)	(2.33)	0.31*	2.00	2.67	0.00*

* annualised

Notes:

- (1) Turnover of ER consists 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 rates were consistent throughout the financial years under review.
- (3) There were no extraordinary items during the period under review.

10. ACCOUNTANTS' REPORT (Cont'd)**6.2.10 M-Field**

	← Financial year ended 30 June →					Three month period ended
	1995	1996	1997	1998	1999	30 September 1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	191	222	258	40	-	-
Cost of sales	-	-	-	-	-	-
Gross profit	191	222	258	40	-	-
Other income	5	153	-	-	983	-
Operating expenses	(58)	(70)	(67)	(66)	(46)	(11)
Profit/(loss) before depreciation, interest and taxation	138	305	191	(26)	937	(11)
Interest expense	(73)	(43)	(66)	-	-	-
Depreciation	(35)	(35)	(35)	(35)	(35)	(9)
Profit/ (loss) before taxation	30	227	90	(61)	902	(20)
Taxation	-	-	(3)	2	-	-
Profit/ (loss) after taxation	30	227	87	(59)	902	(20)
Weighted average number of ordinary share ('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)*

* annualised

Notes:

- (1) The other income 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.

10. ACCOUNTANTS' REPORT (Cont'd)**7. SUMMARISED BALANCE SHEETS**

7.1 The summarised balance sheets for Analabs are set out below:

	As at 30 April <u>1999</u> RM'000	As at 30 September <u>1999</u> RM'000
CURRENT ASSETS	-	-
CURRENT LIABILITIES	413	445
NET CURRENT LIABILITIES	(413)	(445)
INTANGIBLE ASSETS	413	445
	-	-
SHAREHOLDERS' FUNDS		
Share capital	*	*
Net liabilities (RM'000)	413	445
Net liabilities per ordinary shares (RM)	206,500	206,500

*The share capital comprised 2 ordinary shares of RM1.00 each

10. ACCOUNTANTS' REPORT (Cont'd)

7.2 The summarised balance sheets of TAL are as follows:

	← As at 31 March		As at 30 April →				As at 30
	1994	1995	1996	1997	1998	1999	September
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CURRENT ASSETS	959	1,584	2,349	2,303	2,221	2,972	2,931
CURRENT LIABILITIES	632	1,156	1,782	1,574	1,409	1,757	1,635
NET CURRENT ASSETS	327	428	567	729	812	1,215	1,296
FIXED ASSETS	180	256	256	251	258	240	224
INVESTMENT IN AN ASSOCIATED COMPANY	2	2	2	2	2	2	2
HIRE PURCHASE CREDITORS	(1)	(32)	-	-	-	-	-
DEFERRED TAXATION	(15)	(2)	(25)	(26)	(26)	(26)	(22)
	493	652	800	956	1,046	1,431	1,500
SHAREHOLDERS' FUNDS							
Share capital	50	50	50	50	50	50	50
Retained profits	443	602	750	906	996	1,381	1,450
	493	652	800	956	1,046	1,431	1,500
Net tangible assets (RM'000)	493	652	800	956	1,046	1,431	1,500
Net tangible assets per ordinary share (RM)	9.86	13.04	16.00	19.12	20.92	28.62	30.00

10. ACCOUNTANTS' REPORT (Cont'd)

7.4 The summarised balance sheets of CWTP are as follows :

	←----- As at -----→						As at 30
	1994	1995	1996	1997	1998	1999	September
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	1999
							RM'000
CURRENT ASSETS	97	1,888	4,137	5,138	4,816	5,769	7,066
CURRENT LIABILITIES	1,567	1,735	3,668	6,305	8,486	4,332	5,355
NET CURRENT (LIABILITIES)/ ASSETS	(1,470)	153	469	(1,167)	(3,670)	1,437	1,711
FIXED ASSETS	1,896	1,873	1,909	1,922	8,838	8,195	9,805
INVESTMENT IN A SUBSIDIARY COMPANY	-	-	-	-	-	-	2,500
DEFERRED TAXATION	(58)	-	-	-	(480)	(1,041)	(1,266)
	<u>368</u>	<u>2,026</u>	<u>2,378</u>	<u>755</u>	<u>4,688</u>	<u>8,591</u>	<u>12,750</u>
SHAREHOLDER'S FUNDS							
Share capital	300	300	300	300	300	300	300
Revaluation reserve	-	-	-	-	-	-	2,209
Retained profits	68	1,726	2,078	455	4,388	8,291	10,241
	<u>368</u>	<u>2,026</u>	<u>2,378</u>	<u>755</u>	<u>4,688</u>	<u>8,591</u>	<u>12,750</u>
Net tangible assets (RM'000)	368	2,026	2,378	755	4,688	8,591	12,750
Net tangible assets per ordinary share (RM)	1.23	6.75	7.93	2.52	15.63	28.64	42.50

10. ACCOUNTANTS' REPORT (Cont'd)

7.5 The summarised balance sheets of RCSB are as follows:

	← As at 30 April →						As at 30
	1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	September 1999 RM'000
CURRENT ASSETS	5	2	22	694	1,876	3,488	3,784
CURRENT LIABILITIES	975	1,152	1,777	4,053	5,967	5,853	5,000
NET CURRENT LIABILITIES	(970)	(1,150)	(1,755)	(3,359)	(4,091)	(2,365)	(1,216)
FIXED ASSETS	961	1,133	1,809	4,718	10,297	10,976	12,856
TERM LOANS	-	-	-	-	(1,339)	-	-
DEFERRED TAXATION	-	-	-	(129)	(224)	(214)	(193)
	(9)	(17)	54	1,230	4,643	8,397	11,447
SHAREHOLDERS' FUNDS							
Share capital	*	*	100	250	250	4,000	4,000
Revaluation reserve	-	-	-	-	-	-	601
(Accumulated losses)/ Retained profits	-	(17)	(46)	980	4,393	4,397	6,846
	(9)	(17)	54	1,230	4,643	8,397	11,447
Net tangible (liabilities)/ assets (RM'000)	(9)	(17)	54	1,230	4,643	8,397	11,447
Net tangible (liabilities)/assets per ordinary share (RM)	(90.00)	(17.00)	0.54	4.92	18.57	2.10	2.86

* The share capital comprised 100 ordinary shares of RM1.00 each

10. ACCOUNTANTS' REPORT (Cont'd)

7.6 The summarised balance sheets of Inagro are as follows:

	← As at 30 June →						As at 30
	1994	1995	1996	1997	1998	1999	September
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	1999
							RM'000
CURRENT ASSETS	983	2,018	4,063	2,043	1,584	1,918	1,705
CURRENT LIABILITIES	2,060	4,124	3,357	2,084	1,309	2,212	1,833
NET CURRENT (LIABILITIES)/ ASSETS	(1,077)	(2,106)	706	(41)	275	(294)	(128)
FIXED ASSETS	6,053	11,809	9,727	9,790	9,714	9,611	12,018
TERM LOANS	(1,560)	(2,668)	(2,418)	(2,272)	(2,052)	(643)	(600)
DEFERRED TAXATION	-	-	(316)	(201)	(262)	(254)	(325)
INVESTMENTS	-	-	-	323	323	-	-
HIRE PURCHASE CREDITORS	(4)	(326)	(436)	-	-	-	-
	3,412	6,709	7,263	7,599	7,998	8,420	10,965
SHAREHOLDERS' FUNDS							
Share capital	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Revaluation reserve	-	2,297	1,530	1,530	1,530	1,530	3,951
Retained profits	2,412	3,412	4,733	5,069	5,468	5,890	6,014
	3,412	6,709	7,263	7,599	7,998	8,420	10,965
Net tangible assets (RM'000)	3,412	6,709	7,263	7,599	7,998	8,420	10,965
Net tangible assets per ordinary share (RM)	3.41	6.71	7.26	7.60	8.00	8.42	10.97

10. ACCOUNTANTS' REPORT (Cont'd)

7.7 The summarised balance sheets of QSP are as follows:

	As at 31 December 1996 RM'000	← As at 30 April 1998 RM'000	→ As at 30 September 1999 RM'000	As at 30 September 1999 RM'000
CURRENT ASSETS	1,532	2,524	1,905	2,505
CURRENT LIABILITIES	1,430	2,263	1,679	2,210
NET CURRENT ASSETS	102	261	226	295
FIXED ASSETS	142	187	164	146
HIRE PURCHASE CREDITORS	(86)	(97)	(68)	(51)
DEFERRED TAXATION	-	-	(6)	(13)
	158	351	316	377
SHAREHOLDERS' FUNDS				
Share capital	100	100	100	100
Retained profits	58	251	216	277
	158	351	316	377
Net tangible assets (RM'000)	158	351	316	377
Net tangible assets per ordinary share (RM)	1.58	3.51	3.16	3.77

10. ACCOUNTANTS' REPORT (Cont'd)

7.8 The summarised balance sheets of Masmeru are as follows:

	As at 31 March			As at 30 April		As at 30
	1994 RM'000	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	September 1999 RM'000
CURRENT ASSETS	12	10	9	9	9	8
CURRENT LIABILITIES	708	699	691	671	652	622
NET CURRENT LIABILITIES	(696)	(689)	(682)	(662)	(643)	(614)
FIXED ASSETS	564	553	540	529	517	505
	(132)	(136)	(142)	(133)	(126)	109
SHAREHOLDERS' FUND'S						
Share capital	50	50	50	50	50	50
Revaluation reserve	-	-	-	-	-	-
Accumulated losses	(182)	(186)	(192)	(183)	(176)	(159)
	(132)	(136)	(142)	(133)	(126)	109
Net tangible (liabilities)/ assets (RM'000)	(132)	(136)	(142)	(133)	(126)	109
Net tangible (liabilities)/ assets per ordinary share (RM)	(2.64)	(2.72)	(2.84)	(2.66)	(2.52)	2.18
						95
						1.90

10. ACCOUNTANTS' REPORT (Cont'd)

7.9 The summarised balance sheets of ER are as follows:

	← As at 31 August →		← As at 30 April →		As at 30 September		
	1994	1995	1996	1997	1998	1999	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CURRENT ASSETS	9	13	14	13	13	13	13
CURRENT LIABILITIES	297	303	306	300	288	274	272
NET CURRENT LIABILITIES	(288)	(290)	(292)	(287)	(275)	(261)	(259)
FIXED ASSETS	278	272	267	263	257	251	650
	(10)	(18)	(25)	(24)	(18)	(10)	391
SHAREHOLDERS' FUNDS							
Share capital	3	3	3	3	3	3	3
Revaluation Reserve	-	-	-	-	-	-	401
Accumulated losses	(13)	(21)	(28)	(27)	(21)	(13)	(13)
	(10)	(18)	(25)	(24)	(18)	(10)	391
Net tangible (liabilities)/ assets (RM'000)	(10)	(18)	(25)	(24)	(18)	(10)	391
Net tangible (liabilities)/ assets per ordinary share (RM)	(3.33)	(6.00)	(8.33)	(8.00)	(6.00)	(3.33)	130.33

10. ACCOUNTANTS' REPORT (Cont'd)

7.10 The summarised balance sheets of M-Field are as follows:

	← As at 30 June →						As at 30
	1994	1995	1996	1997	1998	1999	September 1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CURRENT ASSETS	25	34	592	48	14	13	13
CURRENT LIABILITIES	1,480	1,433	1,621	955	946	9	21
NET CURRENT (LIABILITIES)/ ASSETS	(1,455)	(1,399)	(1,029)	(907)	(932)	4	(8)
FIXED ASSETS	1,696	1,661	1,626	1,592	1,557	1,523	1,514
TERM LOANS	(9)	-	-	-	-	-	-
INVESTMENTS	109	109	-	-	-	-	-
	<u>341</u>	<u>371</u>	<u>597</u>	<u>685</u>	<u>625</u>	<u>1,527</u>	<u>1,506</u>
SHAREHOLDERS' FUNDS							
Share capital	9	9	9	9	9	9	9
Revaluation reserve	861	861	861	861	861	861	861
(Accumulated losses) /retained profits	(529)	(499)	(273)	(185)	(245)	657	636
	<u>341</u>	<u>371</u>	<u>597</u>	<u>685</u>	<u>625</u>	<u>1,527</u>	<u>1,506</u>
Net tangible assets (RM'000)	341	371	597	685	625	1,527	1,506
Net tangible assets per ordinary share (RM)	37.89	41.22	66.33	76.11	69.44	169.67	167.33

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

The following is the Statement of Assets and Liabilities of Analabs and the Proforma Group based on the audited accounts of Analabs, TAL, KLC, CWTP, RCSB, Inagro, QSP, Masmeru, ER and M-Field as at 30 September, 1999.

The statement of assets and liabilities of the Proforma Group is provided for illustrative purposes only and shows the effects of the acquisitions of TAL, KLC, RCSB, Inagro and QSP on the assumption that they had been effected on 30 September, 1999 and should be read in conjunction with the notes thereon.

	<u>Note</u>	<u>Analabs</u> RM'000	<u>Proforma</u> <u>Group</u> RM'000
CURRENT ASSETS			
Cash and bank balances		-	3,520
Deposits with licensed banks	9.2	-	487
Trade debtors	9.3	-	11,035
Other debtors, deposits and prepayments		-	1,047
Stocks	9.4	-	645
		<u>-</u>	<u>16,734</u>
CURRENT LIABILITIES			
Short term borrowings	9.5	-	2,901
Trade creditors		-	3,164
Other creditors and accruals	9.6	445	10,767
Taxation		-	1,504
		<u>445</u>	<u>18,336</u>
NET CURRENT LIABILITIES		(445)	(1,602)
FIXED ASSETS	9.7	-	39,267
INTANGIBLE ASSETS	9.8	445	445
TERM LOAN	9.9	-	(600)
DEFERRED TAXATION	9.10	-	(1,855)
HIRE PURCHASE CREDITORS	9.11	-	(78)
MINORITY INTERESTS		-	(151)
		<u>-</u>	<u>35,426</u>
SHAREHOLDERS' FUNDS			
Share capital	9.12	*	11,353
Share premium reserve	9.13	-	3,490
Revaluation reserve		-	3,410
Retained profits		-	17,173
		<u>-</u>	<u>35,426</u>
Net tangible (liabilities)/ assets (RM'000)		(445)	34,981

*The share capital comprised 2 ordinary shares of RM1.00 each

10. ACCOUNTANTS' REPORT (Cont'd)

9. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

9.1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The Statement of Assets and Liabilities have been prepared under the historical cost convention modified by the revaluation of land and buildings so as to comply with approved accounting standards.

(b) Basis of Consolidation

The Statement of Assets and Liabilities include the accounts of the Company and all its subsidiaries made up to the end of the financial period.

Except for QSP and Inagro, the accounts of the other subsidiaries have been consolidated in accordance with the principles of merger accounting as stated in the Malaysia Accounting Standards No.2 (MAS 2). The accounts of QSP and Inagro have been consolidated using the acquisition accounting method.

Under the acquisition method, the results of the subsidiaries acquired during the year are included in the consolidated profit and loss account from the date of their acquisition. Under the merger method, the results of the subsidiaries for the entire year have been included without any adjustment in respect of the part of the year prior to merger.

The net balance from the reserves or goodwill arising from consolidation and merger deficit arising from merger accounting are charged to the profit and loss account.

Related transactions are eliminated on consolidation and the consolidated accounts reflect external transactions only.

(c) Fixed Assets and Depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation.

Long term leasehold land and buildings are depreciated over their remaining lease period of between 47 to 93 years. Freehold land is not depreciated. Depreciation on other fixed assets is provided on a straight-line basis calculated to write off the cost of each asset over its estimated useful life.

The principal annual rates of depreciation are:

Building	2%
Plant and machinery	10% - 25%
Laboratory equipment	7.5% - 10%
Motor vehicles	16% - 25%
Computer, renovation, furniture, fittings and office equipment	2% - 33.33%

10. ACCOUNTANTS' REPORT (Cont'd)

(d) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

(e) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes where appropriate direct materials, direct charges and variable production overheads determined on a first-in, first-out basis. Stocks consist of chemicals for trading purposes.

(f) Hire Purchase Creditors

The cost of assets acquired under hire purchase and finance lease agreements are capitalised. The depreciation policy on these assets is similar to that of the Group's other assets as set out in (c) above. Outstanding obligations due under the hire purchase and finance lease agreements after deducting finance expenses are included as liabilities in the accounts. The finance expenses are charged to the profit and loss accounts based on the sum of digits method.

(g) Currency Conversion and Translation

Transactions in foreign currencies during the year are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. All exchange gains or losses are dealt with in the profit and loss accounts.

(f) Intangible Assets

Intangible assets comprise preliminary and pre-operating expenses which are stated at cost and will be charged to the profit and loss account upon commencement of operations.

(i) Revaluation Reserve

It is the Group's policy to revalue the assets periodically and at least once in every five years by independent professional valuers based on open market values.

Any surplus or deficit arising on revaluation is taken to the revaluation reserve unless the deficit arising exceeds the surplus previously recognised for that asset in the reserve, in which case the difference is charged to the profit and loss account.

Revaluation surplus relating to an asset disposed off during the year is transferred from the revaluation reserve to retained profits.

10. ACCOUNTANTS' REPORT (Cont'd)**9.2 DEPOSITS WITH LICENSED BANKS**

Certain deposits are pledged to banks to secure credit facilities granted to the Proforma Group.

9.3 TRADE DEBTORS

	Proforma Group RM'000
Trade debtors	11,313
Less : Provision for doubtful debts	(278)
	<u>11,035</u>

9.4 STOCKS

	Proforma Group RM'000
Raw materials	593
Finished goods	52
	<u>645</u>

9.5 SHORT TERM BORROWINGS

	Proforma Group RM'000
Bank overdrafts	2,635
Term loans	266
	<u>2,901</u>

The short term borrowings for the Proforma Group bear interest between 6.80% to 8.75% per annum and are principally secured by way of legal charges over certain assets of the Proforma Group. These facilities are further guaranteed jointly and severally by certain directors of the Proforma Group in their personal capacity and a corporate guarantee by a subsidiary of the Proforma Group.

9.6 OTHER CREDITORS AND ACCRUALS

Included in other creditors and accruals is an amount RM2,295,027 due to a director. The amount is unsecured, interest free and has no fixed term of repayment.

10. ACCOUNTANTS' REPORT (Cont'd)**9.7 FIXED ASSETS**

	<u>Cost</u> RM'000	<u>Accumulated Depreciation</u> RM'000	<u>Net Book Value</u> RM'000
VALUATION			
Freehold land	1,828	-	1,828
Leasehold land	2,632	111	2,521
Buildings	12,066	175	11,891
	<u>16,526</u>	<u>286</u>	<u>16,240</u>
COST			
Freehold land	6,426	-	6,426
Buildings	5,020	5	5,015
Plant and machinery and laboratory equipment	17,750	7,539	10,211
Renovation, office equipment, furniture and fittings and motor vehicles	3,432	2,057	1,375
	<u>32,628</u>	<u>9,601</u>	<u>23,027</u>
TOTAL	<u>49,154</u>	<u>9,887</u>	<u>39,267</u>

In accordance with the approval by the Securities Commission ("SC") in 1999, freehold land, leasehold land and buildings have been revalued to RM23,387,000 based on the valuation performed by an independent professional valuer, as subsequently revised by the SC.

The resulting revaluation surplus based on the revised valuation has been incorporated into the accounts of the Proforma Group for those subsidiaries consolidating using the merger method of accounting. The properties revalued in subsidiaries consolidating using the acquisition method of accounting is treated as cost at Group level.

Details of independent professional valuation of freehold land, leasehold land and buildings owned by subsidiaries at 30 April, 1999 are as follows:

<u>Date of valuation</u>	<u>Description of property</u>	<u>Amount</u> RM'000	<u>Basis of valuation</u>
31 July, 1998	Land and building in Klang	8,700	Comparison and Cost Method
31 July, 1998	Premises in Klang	75	Comparison and Cost Method
31 July, 1998	Land in Padang Jawa, Klang	880	Comparison Method

10. ACCOUNTANTS' REPORT (Cont'd)

<u>Date of valuation</u>	<u>Description of property</u>	<u>Amount</u> RM'000	<u>Basis of valuation</u>
31 July, 1998	Land and building in Nilai, Seremban	3,717	Comparison and Cost Method
31 July, 1998	Land and building in Sg. Besi, Kuala Lumpur	650	Comparison and Cost Method
31 July, 1998	Land and building in Sg. Besi, Kuala Lumpur	700	Comparison and Cost Method
31 July, 1998	Land and building in Shah Alam, Selangor	3,190	Comparison and Cost Method
31 July, 1998	Land and building in Shah Alam, Selangor	5,313*	Comparison and Cost Method
31 July, 1998	Land in Shah Alam, Selangor	700**	Comparison Method

* The amount was revised to RM4,900,000 by SC.

** The amount was revised to RM575,000 by SC.

Had the fixed assets been included in the accounts at cost less depreciation, the net book value of each class of fixed assets as at 30 September, 1999 would have been as follows:

	RM'000
Freehold land	8,022
Leasehold land	1,174
Buildings	14,353
Plant and machinery and laboratory equipment	10,211
Renovation, office equipment, furniture and fittings and motor vehicles	1,375
	<u>35,135</u>

Included in the fixed assets of Analabs are the following cost of fully depreciated assets which are still in use:

	RM'000
Plant and machinery and laboratory equipment	1,602
Renovation, office equipment, furniture and fittings and motor vehicles	<u>1,069</u>

Included in the fixed assets of Analabs are motor vehicles held under hire purchase with net book value of RM164,000.

10. ACCOUNTANTS' REPORT (Cont'd)**9.8 INTANGIBLE ASSETS**

	<u>Analabs</u> RM'000	<u>Proforma</u> <u>Group</u> RM'000
Preliminary expenses	4	4
Pre-operating expenses	441	441
	<u>445</u>	<u>445</u>

9.9 TERM LOAN

	<u>Proforma</u> <u>Group</u> RM'000
Secured term loan repayable by 120 monthly instalments of RM20,873 commencing July 1995 and revised to RM20,850 effective October 1996 and bear interest between 8.75% to 9.15% per annum	850
Less: Repayable within twelve months	<u>(250)</u>
	<u>600</u>

The term loan is secured as follows:

- (a) a fixed and floating charge over certain assets of the Proforma Group.
- (b) a fixed charge over certain freehold land of the Proforma Group.

9.10 DEFERRED TAXATION

The deferred taxation is in respect of timing differences between depreciation and the corresponding capital allowances.

Deferred taxation is not provided on the surplus arising from the revaluation of certain land and buildings as it is not the intention of the directors to dispose these assets.

9.11 HIRE PURCHASE CREDITORS

	<u>Proforma</u> <u>Group</u> RM'000
Hire purchase creditors	169
Less: Interest in suspense	<u>(26)</u>
	143
Less: Amount due within 12 months	<u>(65)</u>
	<u>78</u>

10. ACCOUNTANTS' REPORT (Cont'd)**9.12 SHARE CAPITAL**

	<u>Analabs</u> RM'000	<u>Proforma</u> <u>Group</u> RM'000
Ordinary shares of RM1 each:		
Authorised	<u>100</u>	<u>50,000**</u>
Issued and fully paid	<u>-*</u>	<u>11,353***</u>

* The share capital comprised 2 ordinary shares of RM1.00 each.

** Being the intended authorised share capital after the listing exercise.

*** For the purpose of the Statement of Assets and Liabilities, it is assumed that Analabs had issued 11,353,120 new ordinary shares at RM1.00 each to acquire TAL, KLC, RCSB, Inagro and QSP.

9.13 SHARE PREMIUM RESERVE

	<u>Proforma</u> <u>Group</u> RM'000
Issued 11,353,120 new ordinary shares of RM1.00 each at a price of RM1.884 per share as consideration for acquisition of Inagro and QSP	<u>3,490</u>

10. ACCOUNTANTS' REPORT (Cont'd)

9.14 GROUP NET TANGIBLE ASSETS COVER

The Group net tangible assets of Analabs per ordinary share of RM1.00 each based on the Statement of Assets and Liabilities as at 30 September, 1999 and after adjusting for public and rights issue and estimated listing expenses to be borne by the Company is illustrated below:

	RM'000
Group Net Tangible Assets per Statement of Assets and Liabilities as at 30 September, 1999	34,981
Add: Proceeds from rights issue of 22,426,878 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share	22,427
Proceeds from proposed public issue of 6,220,000 new ordinary shares of RM1.00 each at an issue price of RM1.70 per share	<u>10,574</u>
	67,982
Less: Estimated Listing Expenses	(1,500)
Net Tangible Assets	<u><u>66,482</u></u>
Number of ordinary shares of RM1.00 each as at 30 April, 1999	-*
Issued pursuant to acquisition of subsidiaries	11,353
Issued pursuant to rights issue	22,427
To be issued pursuant to the proposed public issue	<u>6,220</u>
Enlarged number of ordinary shares of RM1.00 each in issue	<u><u>40,000</u></u>
Net tangible assets per ordinary share of RM1.00 each (based on the enlarged issued and paid-up capital)	1.66

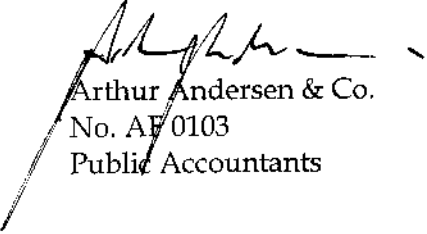
* The share capital comprised 2 ordinary shares of RM1.00 each.

10. ACCOUNTANTS' REPORT *(Cont'd)*

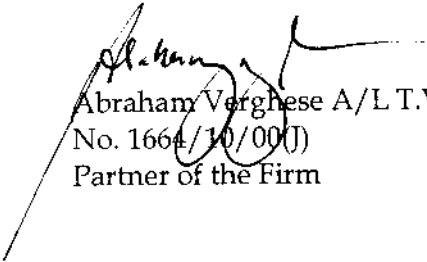
9.15 ACCOUNTS

No audited accounts have been prepared in respect of any period subsequent to 30 September, 1999 for the Company and its subsidiaries.

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

11. VALUATION CERTIFICATE

Khong & Jaafar Sdn Bhd
57-1 Jalan Telawi Tiga
Bangsar Baru
59100 Kuala Lumpur

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 Kuala Lumpur

Dear Sirs

RE : VALUATION OF PROPERTIES OF ANALABS RESOURCES BERHAD

This letter is prepared for inclusion in the Prospectus to be dated 23 March 2000 in relation to the Public Issue of 6,220,000 new ordinary shares of RM1.00 each at an Issue price of RM1.70 per share.

We were instructed by Analabs Resources Berhad to value the properties listed below. We confirm we have valued the properties based on the Valuation Basis stated below. The Valuations had been carried out in accordance with the Guidelines on Asset Valuations for Submission to the Securities Commission (1995) issued by the Securities Commission, in compliance with the Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia and with the necessary professional responsibility and due diligence.

In our opinion, we consider the Open Market Value of the following properties to be as follows: -

Date of Valuation	Ref.No.	Property Location	Description of Property/ Existing Use	Tenure	Open Market Value
Properties held for Operational Purposes					
31/07/98	MV(WP) 508/98	Lots Nos.55 and 54, Section 92A, Town of Kuala Lumpur, Wilayah Persekutuan (Two adjoining 4-storey terrance factories bearing address nos. 18 and 20, Jalan 6/89B, Kawasan Perindustrian Trisegi, Off Jalan Sungei Besi, Kuala Lumpur	4-storey terrance factories renovated & adapted for use jointly as a laboratory & office	Leasehold 66-years expiring on 21-3-2043 having an unexpired term of 45 years	RM1,350,000 (Comparison and Cost Methods)
31.07.98	MV(S) 509/98	Lot No. PT 14329, Mukim of Damansara, District of Petaling, Selangor Darul Ehsan (Factory No. 2-21, Jalan Subang Utama 9, Lion Industrial Park, Shah Alam)	A single storey open plan factory with 2-storey office section at the front	Freehold	RM3,190,000 (Comparison and Cost Methods)

11. VALUATION CERTIFICATE (Cont'd)

Date of Valuation	Ref.No.	Property Location	Description of Property/ Existing Use	Tenure	Open Market Value
31.07.98	MV(NS) 510/98	Lot Nos PT 743 and 747, Mukim of Setul, District of Seremban, Negeri Sembilan Darul Khusus (Factory Premises owned by Centralised Waste Treatment Plant Sdn Bhd in Nilai Industrial Estate)	A single storey open plan factory with 2-storey office section at the front	Leasehold 99-year on 2-10-2085 having an unexpired term of 87 years	RM2,566,000 (Comparison and Cost Methods)
31.07.98	MV (NS) 511/98	Lot Nos, PT 754 and PT 755, Mukim of Setul, District of Seremban, Negeri Sembilan Darul Khusus (Single storey warehouse owned by Centralised Waste Treatment Plant Sdn Bhd in Nilai Industrial Estate)	A single storey warehouse	Leasehold 99-years expiring on 2-10-2085 having an unexpired term of 87 years	RM1,151,000 (Comparison and Cost Methods)
31.07.98	MV (S) 513/98	Lot No. 87, Mukim of Damansara, District of Petaling, Selangor Darul Ehsan (A 24,938.10-square foot piece of land with industrial development potential in Lion Industrial Park, Shah Alam)	Vacant land with industrial potential	Freehold	RM700,000 (Comparison Method)
31.07.98	MV(S) 514/98	Lot No.6493, Mukim of Kapar, District of Klang, Selangor Darul Ehsan (Factory No. 6493, Lorong Sungai Puloh, 5 ¼ miles, Off Jalan Kapar, Klang)	2-storey office block and a large single storey warehouse	Freehold	RM8,700,000 (Comparison and Cost Methods)
31.07.98	MV (S) 515/98	Lot No. 15825, Mukim of Kapar, District of Klang, Selangor Darul Ehsan (A2.0125-acre piece of industrial land at Padang Jawa, Klang)	Vacant land with industrial potential	Freehold	RM880,000 (Comparison Method)
31.07.98	MV(S) 523/98	Lot. No. PT 19569, Mukim of Kapar, District of Klang, Selangor Darul Ehsan (House No. 30, Lorong Hamzah Alang 77, Taman Jaya, Klang)	Single storey terrace house	Freehold	RM75,000 (Comparison and Cost Methods)

11. VALUATION CERTIFICATE (Cont'd)

Date of Valuation	Ref.No.	Property Location	Description of Property/ Existing Use	Tenure	Open Market Value
Properties held for Investment Purposes					
31.07.98	MV (S) 512/98	Lot No. PT 43449, Mukim and District of Klang, Selangor Darul Ehsan (Factory No. 2, Jalan Gambus Satu 33/4A, Section 33, Elite Industrial Park, Shah Alam)	A single storey warehouse with a 2-storey office section at the front	Freehold	RM5,313,000 (Comparison and Cost Methods)

Yours faithfully
 For and on behalf of
KHONG & JAAFAR SDN BHD

AHAMAD BIN LATIB
 B.SURV. (HONS) MISM
 REGISTERED VALUER
 NO. V-250

11. VALUATION CERTIFICATE (Cont'd)

Jones Lang Wootton
2nd Floor,
Standard Chartered Bank Chambers
2, Lebuhraya Pantai,
10300 Kuala Lumpur

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 Kuala Lumpur

Dear Sirs

VALUATION OF A PROPERTY BELONGING TO ANALABS RESOURCES BERHAD IDENTIFIED AS PREMISES NO. PLOT 13 LEBUHRAYA KAMPUNG JAWA, NON-FREE INDUSTRIAL ZONE PHASE II, TAMAN PERINDUSTRIAN BAYAN LEPAS, BAYAN LEPAS, PULAU PINANG

This letter is prepared for inclusion in the Prospectus of Analabs Resources Berhad to be dated 23 March 2000 in relation to the Public Issue of 6,220,000 new ordinary shares of RM1.00 each at an issue price of RM1.70 per share.

We were instructed by Analabs Resources Berhad to value the properties listed below. We confirm we have valued the properties based on the Valuation Basis started below. The Valuations had been carried out in accordance with the Guidelines on Asset Valuations for Submission to the Securities Commission (1995) issued by the Securities Commission, in compliance with the Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia and with the necessary professional responsibility and due diligence. In our opinion, we consider the Market Value of the said property to be as follows:

Property Held For Operational Purposes

Date of Valuation	Reference No.	Property Location	Description of Property/Existing Use	Tenure	Open Market Value (Methods of Valuation) (Comparison and Cost Methods)
05/01/2000	V/PG/2000/SC	Plot 13, Lebuhraya Kampung Jawa, Non-Free Industrial Zone Phase II, Taman Perindustrian Bayan Lepas, erected on P.T. No. 388 held under HS (D) 4791, Mukim 12Daerah Barat Daya, Pulau Pinang	An unoccupied two-storey office block, factory and warehouse with a built-up area of 24,649 sq.ft. and a building age of approx 13 years	60-year leasehold interest expiring on 4 th June 2046	RM2,500,000

11. VALUATION CERTIFICATE (Cont'd)

The subject property is awaiting the issuance of a certificate of fitness for occupation. Our valuation is on the assumption that a certificate of fitness for occupation has been issued by the relevant authority.

This letter and the valuation stated should be read in conjunction with our formal valuation report bearing Reference No. V/PG/1/2000/SC dated 5 January 2000.

Yours faithfully
For and on behalf of
JONES LANG WOOTTON

TAY TAM, FISM
B.SURV. (HONS) PROP. MGT.
REGISTERED VALUER
NO. V-250

12. DIRECTORS' REPORT

Registered Office:

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

20 March 2000

The Shareholders
Analabs Resources Berhad

Dear Sir/Madam,

On behalf of the Directors of Analabs Resources Berhad ("Analabs"), I report after due inquiry that during the period from 30 September 1999 (being the date to which the latest audited accounts of Analabs and its subsidiaries ("Analabs Group") have been made up) to 20 March 2000 (being a date not earlier than fourteen days before the issue of this Prospectus):

- (a) the business of Analabs Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) save as disclosed in the Prospectus, in the opinion of the Directors, no circumstances have arisen which have adversely affected the trading or the value of the assets of the Analabs Group;
- (c) the current assets of the Analabs Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in the Prospectus, no contingent liabilities have arisen by reason of any guarantees given by the Analabs Group; and
- (e) save as disclosed in the Accountants' Report and the Proforma Consolidated Balance Sheet in the Prospectus, there have been no changes in published reserves nor any unusual factors affecting the profit of the Analabs Group.

Yours faithfully
For and on behalf of the Board of Directors of
ANALABS RESOURCES BERHAD

Kan Yow Kheong
Executive Chairman

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE

13.1 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 8.00 p.m. on the same day or for such further period or periods as the Directors of the Company in their absolute discretion may decide.

13.2 Procedure For Application

Application for the Public Issue Shares must be made on the Application Form issued together with this Prospectus and must be completed in accordance with the Notes and Instructions printed on the reverse side of the Application Form. In accordance with Section 37(1) of the Companies Act, 1965, the Application Form together with the Notes and Instructions printed therein shall constitute an integral part of this Prospectus. Applications which do not STRICTLY conform to the terms of this Prospectus or Application Form or Notes and Instructions printed thereon or which are illegible will not be accepted.

(i) Application by Malaysian Public

Application for the 5,549,000 Public Issue Shares made available for application by the Malaysian public must be made on the "White" Applications Forms provided.

(ii) Application by eligible Directors and employees of the Group

Applications for the 671,000 ordinary shares reserved for the eligible Directors and employees of the Analabs Group must be made on the special "Pink" Application Forms provided.

Only one application form from each applicant will be considered and applications must be for 1,000 ordinary shares or multiples thereof. **MULTIPLE APPLICATION WILL NOT BE ACCEPTED.** The amount payable in full on application is RM1.70 per ordinary share.

EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY A REMITTANCE IN RINGGIT MALAYSIA FOR THE FULL AMOUNT BY EITHER:

- (1) BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- (2) GUARANTEE GIRO ORDER ("GGO") FROM BANK SIMPANAN NASIONAL MALAYSIA (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- (3) MONEY ORDER OR POSTAL ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

(4) ATM STATEMENT OBTAINED FROM EITHER:

- ARAB-MALAYSIAN BANK BERHAD;
- ARAB-MALAYSIAN FINANCE BERHAD;
- ASIA COMMERCIAL FINANCE (M) BERHAD;
- BAN HIN LEE BANK BERHAD;
- BSN COMMERCIAL BANK BERHAD;
- BANK UTAMA (MALAYSIA) BERHAD;
- BANK MUAMALAT MALAYSIA BERHAD;
- BUMIPUTERA COMMERCE BANK BERHAD;
- CREDIT CORPORATION MALAYSIA BERHAD;
- EON BANK BERHAD;
- EON FINANCE BERHAD;
- HOCK HUA BANK BERHAD;
- HONG LEONG BANK BERHAD;
- HONG LEONG FINANCE BERHAD;
- INTERNATIONAL BANK MALAYSIA BERHAD (*formerly known as Hock Hua (Sabah) Bank Bhd*);
- MALAYAN BANKING BERHAD;
- MAYBAN FINANCE BERHAD;
- MBf FINANCE BERHAD;
- MULTI-PURPOSE BANK BERHAD;
- ORIENTAL BANK BERHAD;
- ORIENTAL FINANCE BERHAD;
- PHILEO ALLIED BANK (MALAYSIA) BERHAD;
- PUBLIC BANK BERHAD;
- PUBLIC FINANCE BERHAD;
- RHB BANK BERHAD;
- SABAH BANK BERHAD;
- THE PACIFIC BANK BERHAD; OR
- UNITED MERCHANT FINANCE BERHAD.

AND MUST BE MADE OUT IN FAVOUR OF "MIDF SHARE ISSUE ACCOUNT NO. 502" AND CROSSED "A/C PAYEE ONLY" (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT (AS EXACTLY STATED ON THE APPLICATION FORM).

THE NAME AND ADDRESS OF THE APPLICANT MUST BE EXACTLY THE SAME AS THE APPLICANT'S IDENTITY CARD (TOGETHER WITH THE CHANGE OF ADDRESS CARD OR "RESIT PENUKARAN KAD PENGENALAN (JPN 1/22)" WHERE APPLICABLE) OR "RESIT PENGENALAN SEMENTARA (JPN 1/9)" IN THE CASE OF AN INDIVIDUAL APPLICANT EXCEPT FOR THE ADDRESS OF ARMED FORCES/POLICE PERSONNEL, WHICH SHOULD BE BASED ON THE ADDRESS OF THE APPLICANT'S RESPECTIVE CAMP/BASE/STATION. IN THE CASE OF A CORPORATE/INSTITUTIONAL APPLICANT, THE NAME OF THE APPLICANT MUST BE EXACTLY THE SAME AS THE APPLICANT'S CERTIFICATE OF INCORPORATION AND THE ADDRESS MUST BE EXACTLY THE SAME AS THE REGISTERED ADDRESS.

APPLICATIONS ACCOMPANIED BY ANY MODE OF PAYMENT OTHER THAN THOSE STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCE WILL NOT BE ACCEPTED. DETAILS OF REMITTANCE MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED IN THE APPLICATION FORMS.

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

The Directors and employees of MIDFCCS and their immediate family are strictly prohibited from applying for the Public Issue Shares.

Each completed Application Form must be despatched by ORDINARY POST or DELIVERED BY HAND in the official envelopes provided to the following address:

MIDF Consultancy And Corporate Services Sendirian Berhad
195A, Jalan Tun Razak
P.O. Box 11122
50736 Kuala Lumpur

so as to arrive **NOT LATER THAN 8.00 P.M. ON 7 APRIL 2000** or delivered **BY HAND** to the Oriental Bank Berhad Branches based on the following addresses:

- | | |
|---|---|
| 1. Klang Branch
No. 2, Jalan Kapar
41400 Klang | 2. Kepong Branch
No. 60, Jalan 2
52100 Kuala Lumpur |
| 3. Kuala Lumpur Main Branch
Bangunan Oriental Bank
No. 1, Jalan Hang Lekiu
50100 Kuala Lumpur | 4. Selayang Branch
No. 141-143, Jalan 2/3A
Kompleks Pasar Borong Selayang
68100 Kuala Lumpur |
| 5. Taman Sungai Besi Branch
No. 38, Jalan 7/108C
Jalan Sungai Besi
68100 Kuala Lumpur | 6. Bukit Bintang Branch
Ground Floor, Wilma KLIH
126, Jalan Bukit Bintang
55100 Kuala Lumpur |
| 7. Wangsa Maju Branch
No. 10, Jalan 1/27B
Bandar Baru Wangsa Maju
53300 Kuala Lumpur | 8. Balakong Branch
No. S-7, Jalan 1/6
Taman Indah
Batu 11, Jalan Balakong
43200 Cheras
Selangor Darul Ehsan |
| 9. Segambut Branch
No. 36-38, Jalan Segambut Utara
51200 Kuala Lumpur | 10. SS2 Branch
No. 2, Jalan SS2/61
47300 Petaling Jaya
Selangor Darul Ehsan |
| 11. Bandar Park Branch
No. 152, Jalan Mega Mendung
Kompleks Bandar
Batu 5, Jalan Klang Lama
58000 Kuala Lumpur | |

during banking hours (9.30 a.m. to 4.00 p.m. from Monday to Friday and 9.30 a.m. to 12.00 p.m. on Saturday) only.

No acknowledgement of the receipt of Application Forms or application monies will be made by the Company.

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Copies of this Prospectus together with White Applications Forms may be obtained, subject to availability, from Aseambankers Malaysia Berhad, member companies of the KLSE, members of the Association of Banks in Malaysia, members of Association of Merchant Banks in Malaysia and MIDFCCS.

13.3 Applications And Acceptances

The Directors of Analabs reserve the right to reject any application which does not strictly comply with the instructions or to accept any application in part only without assigning any reason thereto.

The submission of an Application Form does not necessarily mean that the application will be successful.

In the event of an over-subscription, acceptance of applications shall be subject to ballot to be conducted in the manner as approved by the Directors. Due consideration will be given to the desirability of distributing the ordinary shares to a reasonable number of applicants with a view to broadening the shareholding base of the Company and establishing an adequate market in the trading of the ordinary shares of the Company. The final allocation of shares to any single applicant will be made to ensure that the Company complies with the SC's revised shareholding spread requirement that at least 25% of the issued and paid-up share capital of the Company is in the hands of a minimum number of 500 public shareholders (excluding the employees of Analabs Group) holding not less than 1,000 shares each. However, in the event that the above requirement is not met pursuant to this Public Issue, the Company may not be allowed to proceed with its listing. Applicants will be selected in the manner to be determined by the Directors of Analabs.

In the event of an under-subscription by the Malaysian public, all the shares not applied for will be made available for subscription proportionately by the Managing Underwriter and the Underwriters in proportions as specified in the Underwriting Agreement dated 23 December 1999.

WHERE AN APPLICATION REJECTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES AS THE CASE SHALL BE, REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY ORDINARY POST OR REGISTERED POST RESPECTIVELY AT THE ADDRESS SHOWN ON THE APPLICATION FORM AT THE APPLICANT'S OWN RISK.

THE ISSUING HOUSE RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND PARTIALLY SUCCESSFUL APPLICANTS WHICH WOULD BE SUBSEQUENTLY REFUNDED WITHOUT INTEREST AND DESPATCHED TO THE APPLICANT WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY REGISTERED POST AT THE ADDRESS SHOWN ON THE APPLICATION FORM AT THE APPLICANT'S OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCES HAVING BEING PRESENTED FOR PAYMENT.

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

13.4 CDS Account

Pursuant to Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in the ordinary shares of Analabs will be by book entries through CDS Accounts. No share certificates will be issued to the successful applicants.

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. A list of the ADA Codes is set out in Section 13.7 of this Prospectus. Where an applicant already has a CDS Account, he **should not** complete the preferred ADA Code.

If a successful applicant fails to state either his CDS Account number or his preferred ADA Code, the Company may exercise their absolute discretion in instructing the Issuing House to insert a preferred ADA Code on the Application Form and further instruct MCD to open a CDS Account on the applicant's behalf at the specified ADA and credit the shares allotted to the applicant into his CDS Account.

Failure to comply with these specific instructions or inaccuracy in the CDS Account number or the preferred ADA Code may result in the application being rejected. The Directors of the Company reserve the right to reject any incomplete and inaccurate application.

13.5 Notices of Allotment

Shares allotted to all successful applicants will be credited to their respective CDS Accounts. Notice of successful allotment will be despatched by ordinary post to the successful applicants at their addresses shown in the Application Forms at the applicant's own risk within 30 days after the final ballot of the application. This is the only acknowledgement of acceptance of the application.

13.6 Formalising Of CDS Account

Successful applicants whose CDS Account have been opened by MCD at their preferred ADA are required to formally open their account in person by submitting to the ADA the necessary documents and the account opening fee. No transaction of shares credited to the CDS account can be effected until the account has been formally opened.

13.7 List of Authorised Depository Agents

The list of ADA (Broker) Codes is as follows:

Name	Address And Telephone Number	Broker Code
KUALA LUMPUR		
AFFIN-UOB SECURITIES SDN BHD (431338-P)	Level 3, Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel No. : 03-2438668	028-001
ARAB-MALAYSIAN SECURITIES SDN BHD (92977-U)	15th Floor, Bangunan Arab- Malaysian 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No. : 03-2382788	086-001

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address And Telephone Number	Broker Code
BBMB SECURITIES SDN BHD (16453-K)	Level 2, 3 & 4 Letter Box No. 2 Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No. : 03-2019900	099-001
BIMB SECURITIES SDN BHD (290163-X)	1st & 2nd Floor, Podium Block Bangunan AMDB No. 1, Jalan Lumut 50350 Kuala Lumpur Tel. No. : 03-4433533	024-001
CIMB SECURITIES SDN BHD (163712-V)	9th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel. No. : 03-2532288	065-001
FIMA SECURITIES SDN BHD (210959-K) <i>(formerly known as Capitalcorp Securities Sdn Bhd)</i>	No. 45-14, Plaza Level and Level One Plaza Damansara Jalan Medan Setia 1 Bukit Damansara 50490 Kuala Lumpur Tel. No.: 03-2549966	018-001
HLG SECURITIES SDN BHD (127855-D)	21st Floor, Wisma HLA Jalan Raja Chulan 50200 Kuala Lumpur Tel. No. : 03-2452998	066-001
INTER-PACIFIC SECURITIES SDN BHD (12738-U)	Level 7, Menara Shahzan Insas 30, Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No. : 03-2441888	054-001
JUPITER SECURITIES SDN BHD (48703-W)	7th, 8th & 9th Floors Manara Olympia No. 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No. : 03-2041888	055-001
KUALA LUMPUR CITY SECURITIES SDN BHD (126994-W)	Lot 3.07, Level 3, Bangunan Angkasaraya Jalan Ampang 50450 Kuala Lumpur Tel. No. : 03-2449322	076-001
K & N KENANGA BHD (15678-H)	8th Floor, Pemas International Building 801, Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No. : 03-2649080	073-001
LEONG & COMPANY SDN BHD (8789-P)	Level 18, Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur Tel. No. : 03-2928899	061-001

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address And Telephone Number	Broker Code
KUALA LUMPUR (Cont'd)		
MAYBAN SECURITIES SENDIRIAN BERHAD (165630-M)	30th Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Tel. No. : 03-2323822	098-001
MGI SECURITIES SDN BHD (682-X)	1st & 2nd Floor, Wisma MGIC 38, Jalan Dang Wangi 50100 Kuala Lumpur Tel. No. : 03-2911889	052-001
MIDF SISMA SECURITIES SDN BHD (423833-U)	17th & 18th Floor, Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur Tel No. : 03-2668888	026-001
OSK SECURITIES BHD (14152-V)	10th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel. No. : 03-2624388	056-001
PB SECURITIES SDN BHD (20027-W)	27th Floor, Bangunan Public Bank 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No. : 03-2013011	051-001
PENKALAN SECURITIES SDN BHD (66299-A)	1st Floor, Menara Pengkalen No.2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel. No. : 03-2448055	064-001
RASHID HUSSAIN SECURITIES SDN BHD (95060-A)	Level 9, Tower One, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel. No. : 03-9852233	087-001
KAF-SEAGROATT & CAMPBELL SDN BHD (134631-V) <i>(formerly known as Seagroatt & Campbell Sdn Bhd)</i>	26th - 30th Floor, The Weld Tower 76, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No. : 03-2081600	053-001
TA SECURITIES BHD (16029-V)	13th Floor, Menara TA One 22, Jalan P.Ramlee 50250 Kuala Lumpur Tel. No. : 03-2321277	074-001
SIME SECURITIES SDN BHD (165878-V)	21st Floor, Bangunan Sime Bank Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No. : 03-2749288	097-001

13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address And Telephone Number	Broker Code
SELANGOR DARUL EHSAN		
AMSTEEL SECURITIES (M) SDN BHD (51253-A)	1st, 2nd & 3rd Floor, Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel. No. : 03-3439999	080-001
HALIM SECURITIES SDN BHD (107442-X)	No. 68, Jalan Selangor (52/4) P. O. Box No. 561 46770 Petaling Jaya Selangor Darul Ehsan Tel. No. : 03-7555777	091-001
HWANG-DBS SECURITIES BERHAD (14389-U)	16th, 18th-20th Floor Plaza Masalam 2, Jalan Tengku Ampuan Zabedah E9/E, Section 9 41000 Shah Alam Selangor Darul Ehsan Tel. No. : 03-5533288	068-002
JF APEX SECURITIES BHD (47680-X)	3rd Floor, Wisma Apex 145A-C, Jalan Bukit 43007 Kajang Selangor Darul Ehsan Tel. No. : 03-8361118	079-001
MOHAIYANI SECURITIES SDN BHD (140238-A)	1st, 2nd & 3rd Floors Plaza Damansara Utama No. 2, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel. No. : 03-7197345	095-001
SJ SECURITIES SDN BHD (141671-T)	Level 3, Holiday Villa No. 9, Jalan SS12/1 Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan Tel. No. : 03-7340202	096-001
MELAKA		
MALACCA SECURITIES SDN BHD (16121-H)	No.1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang P. O. Box No. 248 75250 Melaka Tel. No. : 06-3371533	012-001
OCBC SECURITIES (MELAKA) SDN BHD (18884-P)	No. 579, 580-581 A&B Taman Melaka Raya 75000 Melaka Tel. No. : 06-2825211	072-001