

## 12. ACCOUNTANTS' REPORT (Cont'd)

## 6.4 EFF

	5-month period ended 30 April 1994 RM'000	Financial year ended 30 April 1995 1996 RM'000 RM'000		8-month period ended 31 December 1996 RM'000	Financial year ended 31 December 1997 1998 RM'000 RM'000		9-month period ended 30 September 1999 RM'000
Turnover	-	-	-	8,565	14,662	16,928	18,951
Profit before depreciation and interest	-	-	-	1,680	2,687	3,276	2,945
Interest expense	-	-	-	(160)	(339)	(307)	(143)
Depreciation	-	-	-	(240)	(277)	(326)	(302)
Profit before taxation	-	-	-	1,280	2,071	2,643	2,500
Taxation	-	-	-	(219)	(190)	(251)	(65)
Profit after taxation	-	-	-	1,061	1,881	2,392	2,435
Weighted average issued and paid-up share capital ( '000 shares)	*	7	300	500	500	500	500
Gross earnings per share (RM)	-	-	-	**3.81	4.14	5.29	**6.68
Net earnings per share (RM)	-	-	-	**3.16	3.76	4.78	**6.51

\*RM2.00

\*\*Annualised

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

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Notes:

- (1) The gross earnings per share have been calculated based on the profit before taxation divided by the weighted average issued and paid-up share capital.
- (2) The net earnings per share have been calculated based on the profit after taxation divided by the weighted average issued and paid-up share capital.
- (3) The effective tax rate for 1996 to 1998 were lower than the statutory tax rate mainly because EFF has been granted pioneer status under the Promotion of Investment Act, 1986 which abates 70% of its statutory income for its furniture products for a period of five years. The production date has been fixed at 1 May 1996.

The taxation for 1999 was attributable to the adjustment for deferred taxation. There is no tax charge on the income of the Company for 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act 1999.

- (4) There were no extraordinary/exceptional items in all the financial years/period under review.
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## 12. ACCOUNTANTS' REPORT (Cont'd)

## 6.5 MKK

	Financial year ended 30 September		15-month period ended 31 December	Financial year ended 31 December		9-month period ended 30 September
	1994	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	3,797	3,420	2,166	4,289	5,273	8,348
Profit before depreciation and interest	377	426	385	568	1,063	1,428
Interest expense	(88)	(118)	(167)	(428)	(586)	(398)
Depreciation	(184)	(193)	(173)	(201)	(281)	(279)
Operating profit	105	115	45	(61)	196	751
Share of loss of associated company	-	(56)	-	-	-	-
Exceptional item	-	-	56	-	-	-
Profit/(loss) before taxation	105	59	101	(61)	196	751
Taxation	(36)	(42)	(20)	6	(61)	(7)
Profit/(loss) after taxation	69	17	81	(55)	135	744
Weighted average issued and paid-up share capital ('000 shares)	260	260	281	750	750	750
Gross earnings per share (RM)	0.40	0.23	*0.29	(0.08)	0.26	**1.34
Net earnings per share (RM)	0.27	0.07	*0.23	(0.07)	0.18	**1.33

\*Pro-rated basis of twelve months

\*\*Annualised

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

## Notes:

- (1) The gross earnings per share have been calculated based on the profit/(loss) before taxation divided by the weighted average issued and paid-up share capital.
- (2) The net earnings per share have been calculated based on the profit/(loss) after taxation divided by the weighted average issued and paid-up share capital.
- (3) The taxation has been adjusted to reflect the under/(over) provision in the respective financial years/period as follows:

	Financial year ended		15-month period ended	Financial year ended		9-month period ended 30
	30 September	30 September	31 December	31 December	1998	September
	1994	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Taxation as stated in audited accounts	62	40	33	5	5	7
Adjustment to reflect the taxation in the respective years	(26)	2	(13)	(11)	56	-
Adjusted taxation as stated in this report	36	42	20	(6)	61	7

The effective tax rates were higher than the statutory tax rates for 1994 to 1996 and 1998 due to certain expenses were disallowed for tax purposes.

The credit to the taxation accounts for 1997 was related to the reversal of deferred taxation as a result of change in statutory tax rate from 30% to 28%.

The taxation for 1999 was attributable to the adjustment for deferred taxation. There is no tax charge on the income of the Company for 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act 1999.

- (4) In line with the adoption of International Accounting Standard No 8 (Revised), the extraordinary item reported in the previous years have been reclassified as exceptional item.

The exceptional item in 1996 was due to the disposal of its associated company.

- (5) Save for item (4) above, there were no other extraordinary/exceptional items in all the financial years/period under review.

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


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**7. SUMMARISED BALANCE SHEETS**

The audited balance sheets of the Group as at the end of the respective financial years/period are set out below :-

**7.1 LHIB**

	As at 30 September		As at 31 December			As at 30 September
	1995	1996	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred expenditure	7	8	9	14	16	18
Current assets	*	*	*	-	-	-
Current liabilities	(7)	(8)	(9)	(14)	(16)	(18)
Net current liabilities	(7)	(8)	(9)	(14)	(16)	(18)
	*	*	*	*	*	*
Share capital	*	*	*	*	*	*
Net liabilities per ordinary share (RM)	(3,258)	(4,077)	(4,467)	(6,968)	(8,123)	(9,073)

\*RM2.00

## 12. ACCOUNTANTS' REPORT (Cont'd)

## 7.2 LHF AND ITS SUBSIDIARIES

	As at 31 December				As at 30 September
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Fixed assets	11,094	20,244	26,419	29,805	31,535
Other investments	47	30	-	-	-
Deferred expenditure	55	37	18	-	-
Goodwill on consolidation	-	543	483	422	377
Current assets	4,876	11,613	20,413	26,094	37,116
Current liabilities	(7,284)	(16,852)	(22,683)	(23,141)	(27,654)
Net current assets/ (liabilities)	(2,408)	(5,239)	(2,270)	2,953	9,462
	8,788	15,615	24,650	33,180	41,374
Share capital	597	900	900	900	900
Retained profits	4,750	9,399	16,283	24,440	33,377
Capital reserve	693	693	693	693	693
Shareholders' funds	6,040	10,992	17,876	26,033	35,970
Long term liabilities	2,569	4,035	6,033	6,115	5,166
Deferred taxation	179	588	741	1,032	1,238
	8,788	15,615	24,650	33,180	41,374
Net tangible assets per ordinary share (RM)	10.03	11.57	19.31	28.46	39.55

## 12. ACCOUNTANTS' REPORT (Cont'd)

## 7.3 LHF

	As at 31 December						As at 30
	1993	1994	1995	1996	1997	1998	September
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	1999
							RM'000
Fixed assets	2,482	3,638	5,458	8,871	13,221	13,917	14,125
Interest in subsidiary companies	-	-	-	590	1,440	2,472	3,019
Other investments	-	30	30	30	-	-	-
Current assets	1,602	2,023	3,009	3,996	7,277	10,132	13,676
Current liabilities	(2,501)	(2,737)	(3,392)	(4,591)	(7,823)	(9,427)	(10,509)
Net current assets/(liabilities)	(899)	(714)	(383)	(595)	(546)	705	3,167
	1,583	2,954	5,105	8,896	14,115	17,094	20,311
Share capital	140	140	504	900	900	900	900
Retained profits	779	1,990	3,616	6,241	9,749	13,162	16,870
Capital reserve	370	410	46	46	46	46	46
Shareholders' funds	1,289	2,540	4,166	7,187	10,695	14,108	17,816
Long term liabilities	249	336	816	1,486	3,119	2,517	1,965
Deferred taxation	45	78	123	223	301	469	530
	1,583	2,954	5,105	8,896	14,115	17,094	20,311
Net tangible assets per ordinary share (RM)	9.21	18.14	8.27	7.99	11.88	15.68	19.80

## 12. ACCOUNTANTS' REPORT (Cont'd)

## 7.4 CTHH

	As at 31 March			As at 31 December			As at 30	
	1993	1994	1995	1995	1996	1997	September	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	1999	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Fixed assets	-	544	2,566	2,468	3,264	4,038	4,925	5,566
Investments	-	-	17	17	-	-	-	-
Deferred expenditure	4	14	7	-	-	-	-	-
Current assets	236	1,388	1,396	1,831	3,128	5,374	7,286	9,244
Current liabilities	-	(1,563)	(2,241)	(2,572)	(3,751)	(4,915)	(4,918)	(5,543)
Net current assets/ (liabilities)	236	(175)	(845)	(741)	(623)	459	2,368	3,701
	240	383	1,745	1,744	2,641	4,497	7,293	9,267
Share capital	240	240	240	240	240	240	240	240
Retained profits	-	60	767	1,133	2,142	3,751	6,073	8,169
Shareholders' funds	240	300	1,007	1,373	2,382	3,991	6,313	8,409
Long term liabilities	-	52	510	315	177	371	764	579
Deferred taxation	-	31	228	56	82	135	216	279
	240	383	1,745	1,744	2,641	4,497	7,293	9,267
Net tangible assets per ordinary share (RM)	0.98	1.19	4.17	5.72	9.93	16.63	26.30	35.04



## 12. ACCOUNTANTS' REPORT (Cont'd)

## 7.5 EFF

	As at 30 April			As at 31 December			As at 30
	1994	1995	1996	1996	1997	1998	September
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	1999
							RM'000
Fixed assets	-	1,055	3,168	4,909	5,336	5,243	5,912
Deferred expenditure	5	8	55	37	18	-	-
Current assets	163	30	34	4,800	7,376	8,730	13,475
Current liabilities	(168)	(701)	(1,319)	(6,625)	(7,804)	(6,795)	(9,672)
Net current assets/(liabilities)	(5)	(671)	(1,285)	(1,825)	(428)	1,935	3,803
	*	392	1,938	3,121	4,926	7,178	9,715
Share capital	*	50	500	500	500	500	500
Retained profits	-	-	-	1,061	2,942	5,334	7,770
Shareholders' funds	*	50	500	1,561	3,442	5,834	8,270
Long term liabilities	-	342	1,438	1,420	1,326	1,150	1,186
Deferred taxation	-	-	-	140	158	194	259
	*	392	1,938	3,121	4,926	7,178	9,715
Net tangible assets/(liabilities) per ordinary share (RM)	(2,689)	0.84	0.89	3.05	6.85	11.67	16.54

\* RM2.00

## 12. ACCOUNTANTS' REPORT (Cont'd)

## 7.6 MKK

	As at 30 September			As at 31 December			As at 30
	1993	1994	1995	1996	1997	1998	September
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	1999
							RM'000
Fixed assets	1,033	1,644	1,789	3,199	3,825	5,720	5,932
Investment in associated company	-	-	(1)	-	-	-	-
Deferred expenditure	1	-	-	-	-	-	-
Current assets	710	797	1,016	787	1,997	2,137	3,530
Current liabilities	(964)	(1,525)	(2,009)	(1,862)	(3,481)	(4,908)	(6,012)
Net current assets/(liabilities)	(254)	(728)	(993)	(1,075)	(1,484)	(2,771)	(2,482)
	780	916	795	2,124	2,341	2,949	3,450
Share capital	260	260	260	750	750	750	750
Retained profits	114	183	200	281	226	361	1,105
Shareholders' funds	374	443	460	1,031	976	1,111	1,855
Long term liabilities	356	386	225	951	1,217	1,685	1,435
Deferred taxation	50	87	110	142	148	153	160
	780	916	795	2,124	2,341	2,949	3,450
Net tangible assets per ordinary share (RM)	1.43	1.70	1.77	1.37	1.30	1.48	2.47

## 12. ACCOUNTANTS' REPORT (Cont'd)

## 7.7. KJSB

	As at 29	As at 28 February			As at 30
	February	1997	1998	1999	September
	1996				1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	461	471	463	455	451
Intangible assets	4	14	25	36	42
Current assets	*	2	2	2	-
Current liabilities	(324)	(487)	(490)	(493)	(493)
Net current liabilities	(324)	(485)	(488)	(491)	(493)
	141	*	*	*	*
Share capital	*	*	*	*	*
Long term liabilities	141	-	-	-	-
	141	*	*	*	*
Net liabilities per ordinary share (RM)	(2,129)	(6,819)	(12,359)	(17,775)	(20,929)

\* RM2.00

## 12. ACCOUNTANTS' REPORT (Cont'd)

## 8. STATEMENT OF ASSETS AND LIABILITIES

The following statement of assets and liabilities which has been prepared for illustrative purposes only based on the audited balance sheets of the Group as at 30 September 1999 and should be read in conjunction with the notes thereon.

	Note	Audited Company RM'000	Proforma Group RM'000
Fixed assets	9.3	-	42,028
Expenditure carried forward		18	54
Goodwill on consolidation	9.4	-	341
Current assets			
Stocks	9.5	-	14,637
Trade debtors		-	19,292
Other debtors, prepayments and deposits		-	2,490
Cash and bank balances		-	697
		-	37,116
Current liabilities			
Trade creditors		-	9,800
Other creditors and accruals		18	1,686
Hire purchase creditors	9.6	-	1,138
Due to directors	9.7	-	1,108
Bank borrowings	9.8	-	13,504
Taxation		-	1,470
		18	28,706
Net current assets/(liabilities)		(18)	8,410
Non current liabilities			
Hire purchase creditors	9.6	-	(1,329)
Bank loan	9.9	-	(3,836)
Deferred taxation	9.10	-	(1,238)
		*	44,430
Share capital	9.11	*	25,598
Reserves	9.12	-	18,832
		*	44,430

\*RM2.00