

(Prepared for inclusion in this Prospectus)

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The Board of Directors
GPA Holdings Berhad
8-3, Jalan Segambut
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19 June 2000

Dear Sirs,

(I) INTRODUCTION

This report has been prepared for inclusion in the Prospectus to be dated 27 June 2000 in connection with the listing of and quotation for the entire enlarged issued and paid up share capital of GPA Holdings Berhad ("GPAH") on the Second Board of the Kuala Lumpur Stock Exchange,

(II) GENERAL INFORMATION

(II)(a) **Incorporation and principal activity**

- (i) GPAH was incorporated on 14 September 1999 for the purpose of the listing and its principal activity is investment holding.
- (ii) The changes in the issued and paid-up share capital of GPAH since the date of incorporation are as follows:

Date of allotment	Number of ordinary shares	Par value RM	Type of issue	Cumulative total RM
14.09.1999	2	1.00	Subscriber's shares	2
30.05.2000	17,931,708	1.00	Issued pursuant to the acquisition of GP Autobat Sdn. Bhd. ("GPA") at an issue price of approximately RM 1.30 per share	17,931,710
3 1.05.2000	16,068,290	1.00	Rights issue of approximately 896 for 1,000 at par	34,000,000

X. ACCOUNTANTS' REPORT (Cont'd)

(II)(b) Restructuring Exercise

In conjunction with, and as an integral part of the listing of and quotation for the enlarged issued and fully paid-up ordinary share capital of GPAH on the Second Board of the **Kuala Lumpur Stock Exchange**, GPAH undertook the following Restructuring Scheme which was approved by the relevant authorities.

(II)(b)(i) Acquisition and Transfers

GPAH acquired 5,200,000 ordinary shares of RM 1.00 each representing 100% equity interest in GPA for a total purchase consideration of **RM23,269,977** satisfied by the issuance of 17,931,708 new GPAH shares at an issue price of approximately **RM1.30** per share.

Upon completion of the Acquisition, GPAH implemented an internal restructuring exercise of GPA and its subsidiary companies, namely, GP Marketing Sdn. Bhd. ("GPM"), GP Products Sdn. Bhd. ("GPP"), Koaki Plastics industries Sdn. Bhd. ("KPI") and KPI's subsidiary company, Longview Corporation Sdn. Bhd. ("LVC") (collectively known as "GPA Group") whereby the entire equity interest in GPM, KPI and GPP were transferred from GPA to GPAH for a total cash consideration of **RM1,200,002**.

The above Acquisition and Transfers were completed on 30 May 2000.

(II)(b)(ii) Rights Issue

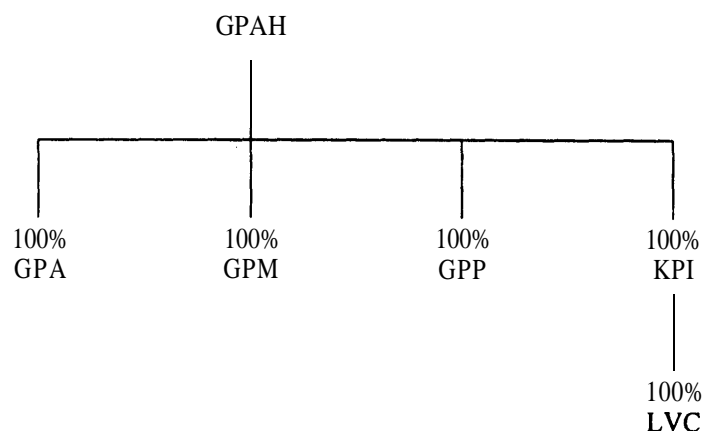
GPAH implemented a rights issue of **16,068,290** new GPAH shares at par on the basis of approximately eight hundred and ninety six (896) new GPAH shares for every one thousand (1,000) GPAH shares held subsequent to the Acquisition and Transfers.

The above Rights Issue was completed on 31 May 2000.

(II)(b)(iii) Public Issue

GPAH will effect a public issue of **6,000,000** new ordinary shares at the issue price of RM 1.50 each.

(II)(b)(iv) With the successful implementation of the Restructuring Exercise, the group structure of GPAH and its subsidiary companies ("GPAH Group") is as follows:



X. ACCOUNTANTS' REPORT (Cont 'd)

(II)(c) Subsidiary companies

The details of the subsidiary companies of GPAH, all of which are incorporated in Malaysia are as follows:

Company	Direct equity Interest %	Indirect equity Interest %	Issued and paid-up capital RM	Principal activities
GPA	100		5,200,000	Manufacturing of automotive batteries and components
GPM	100		600,000	Marketing of automotive batteries and components
KPI	100	-	758,269	Manufacturing of industrial plastic and its related products
LVC	-	100	400,000	Marketing and trading of finished plastic products
GPP	100	-	2	Dormant

(II)(d) History

- (i) GPAH was incorporated on 14 September 1999 and its principal activity is the investment holding company. It was incorporated for the purpose of the listing exercise.
- (ii) GPA was incorporated on 30 May 1984 and commenced operation in 1989 after taking over the entire manufacturing, sales and marketing functions of an existing plant, Swee Thye Battery Manufacturing Sdn. Bhd., a family-owned business which had been in operation since the 1960's.
- (iii) GPM was incorporated on 7 February 1986 and is principally engaged in the marketing of automotive batteries and components. It was a wholly-owned subsidiary of GPA and was set up solely as a trading arm of GPA for all the local sales.
- (iv) KPI was incorporated on 19 November 1993 and is principally engaged in the manufacturing of plastic products and providing injection moulding services. It started as a family-owned business,

On 9 January 1996, GPA entered into an agreement to acquire the entire issued and paid up share capital of KPI.

The principal activity of KPI is producing plastic casings for the various sizes of automotive batteries. With modern injection moulding machines, KPI now devotes more than 60% of its production capacity to the needs of GPA. This is in line with the GPAH Group's medium term objective to move upstream and creates a vertical integration of the GPAH Group's activities.

- (v) LVC was incorporated on 20 October 1975 and is principally engaged in marketing and trading of finished plastics products. It is a wholly-owned subsidiary company of KPI and serves as the marketing arm of KPI.

(vi) GPP was incorporated on 2 1 September 1990 and is presently dormant.

(II)(e) Accounts and auditors

We have been appointed as auditors of GPAH since the date of its incorporation.

For the financial years 1995 to 1998, the auditors of the subsidiary companies namely, GPA, GPM, LVC and GPP was Coopers & Lybrand. On 1 July 1998, Coopers & Lybrand had merged with Price Waterhouse and the new firm, PricewaterhouseCoopers was appointed as auditors with effect from the financial year ended 3 1 March 1999.

The accounts of GPAH, GPA, GPM, LVC and GPP for all the financial period/years under review were audited and reported without qualification.

KPI was audited by other auditors for the period/years covered in this report. There was no declaration of any audit qualification for the period/years under review except as follows:

The auditors did not observe the physical stock count as at 3 1 March 1996 and was unable to state that it was appropriate for KPI to prepare the accounts on a going concern basis as there was a substantial accumulated loss.

X. ACCOUNTANTS' REPORT (Cont'd)

(III) SUMMARISED PROFIT AND LOSS ACCOUNTS**(i) GPAH Group**

The summarised proforma consolidated profit and loss accounts set out below has been prepared for illustrative purposes based on the audited accounts of GPAH, GPA, GPM, KPI, GPP and LVC for the past five (5) financial years ended 31 March 2000 on the assumption that the GPAH Group had been in existence throughout the years under review. The proforma consolidated results are:

	<----- Year ended 31 March ----->				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	28,644	37,602	46,529	51,477	57,267
Profit before interest and depreciation	3,117	5,279	7,597	10,263	10,506
Depreciation	(1,335)	(1,657)	(1,783)	(1,908)	(2,205)
Interest	(897)	(1,285)	(1,737)	(1,464)	(591)
Profit before taxation	885	2,337	4,077	6,891	7,710
Taxation	(344)	(579)	(467)	-	(1,586)
Profit after taxation	541	1,758	3,610	6,891	6,124
Number of ordinary shares of RM1.00 each assumed in issue ('000)	17,932	17,932	17,932	17,932	17,932
Gross Earnings Per Share ("EPS") (RM)	0.05	0.13	0.23	0.38	0.43
Net EPS (RM)	0.03	0.10	0.20	0.38	0.34
Gross dividend rate (%)	-		-	-	-

Notes to the proforma results of the GPAH Group

- (a) The proforma results of GPAH Group have been prepared on accounting policies consistent with those previously adopted in the preparation of the individual company's audited financial statements in the GPAH Group.
- (b) There were no extraordinary or exceptional items for the financial years' under review.
- (c) The effective tax rates compared to the statutory rates :
- (i) for 1996 was higher due to certain expenses being disallowed for taxation purposes for GPM and LVC
 - (ii) for 1997, 1998 and 2000 were lower due to utilisation of capital allowance and reinvestment allowance for GPA

There is no tax charge on the income of the GPAH Group for 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act 1999.

- (d) The gross and net earnings per share are calculated based on the profit before taxation and profit after taxation attributable to shareholders of the GPAH Group for the financial years respectively divided by 17,931,710 ordinary shares of RM1.00 each arrived at **after** taking into consideration the shares issued by GPAH for the acquisition of subsidiary companies.

(ii) GPA

The summarised profit and loss accounts based on the audited accounts of GPA for the past five (5) financial years ended 31 March 2000 are as follows:

	<----- Year ended 31 March ----->				
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
Turnover	22,066	26,738	30,500	37,435	41,872
Profit before interest and depreciation	1,702	2,662	4,408	5,100	4,590
Depreciation	(1,177)	(1,321)	(1,375)	(1,460)	(1,679)
Interest	(725)	(988)	(1,300)	(1,106)	(341)
Profit/(loss) before taxation	(200)	353	1,733	2,534	2,570
Taxation	-	-	-	-	(328)
Profit/(loss) after taxation	(200)	353	1,733	2,534	2,242
Number of ordinary shares of RM1.00 each in issue ('000)	5,000	5,200	5,200	5,200	5,200
Gross EPS (RM)	(0.04)	0.07	0.33	0.49	0.49
Net EPS (RM)	(0.04)	0.07	0.33	0.49	0.43
Gross dividend rate (%)	-	-	-	10	10

Notes to the results of GPA

- (a) The audited results of GPA have been prepared on accounting policies consistent with those previously adopted in the preparation of the company's audited financial statements.
- (b) There were no extraordinary or exceptional items for the financial years under review.
- (c) The effective tax rates for 1996, 1997, 1998 and 2000 were lower than the statutory rate because of the utilisation of capital allowance and reinvestment allowance in accordance with Section 37, Promotional of Investment Act, 1986.

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.

- (d) The gross and net earnings per share are calculated based on the **profit/(loss)** before taxation and **profit/(loss)** after taxation attributable to shareholders of the company for the financial years respectively divided by the number of ordinary shares in issue for each financial year under review.

X. ACCOUNTANTS' REPORT (Cont'd)

(iii) GPM

The summarised profit and loss accounts based on the audited accounts of GPM for the past five (5) financial years ended 31 March 2000 are as follows:

	<----- Year ended 31 March ----->				
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
Turnover	16,743	20,550	23,551	26,649	28,418
Profit before interest and depreciation	1,451	2,160	2,143	4,115	4,366
Depreciation	(112)	(104)	(103)	(117)	(122)
Interest	(415)	(453)	(555)	(445)	(174)
Profit before taxation	924	1,603	1,485	3,553	4,070
Taxation	(282)	(520)	(455)	-	(1,152)
Profit after taxation	642	1,083	1,030	3,553	2,918
Number of ordinary shares of RM1.00 each in issue ('000)	500	600	600	600	600
Gross EPS (RM)	1.85	2.67	2.48	5.92	6.78
Net EPS (RM)	1.28	1.81	1.72	5.92	4.86
Gross dividend rate (%)	-	-	-	-	-

Notes to the results of GPM

- (a) The audited results of GPM have been prepared on accounting policies consistent with those previously adopted in the preparation of the company's audited financial statements.
- (b) There were no extraordinary or exceptional items for the financial years under review.
- (c) The effective tax rates for 1996 to 1998 were higher than the statutory rate of taxation because of certain expenses being disallowed for taxation purposes.

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.

- (d) The gross and net earnings per share are calculated based on the profit before taxation and profit after taxation attributable to shareholders of the company for the financial years respectively divided by the number of ordinary shares in issue for each financial year under review.

X. ACCOUNTANTS' REPORT (Cont'd)

(iv) KPI

The summarised profit and loss accounts based on the audited accounts of KPI for the past five (5) financial period/years ended 31 March 2000 are as follows:

	1.1.1995 to 31.3.1996 RM'000	<----- 1997 RM'000	Year ended 31 March 1998 RM'000	-----> 1999 RM'000	2000 RM'000
Turnover	1,685	3,499	5,551	5,685	7,038
Profit/(loss) before interest and depreciation	(145)	692	1,315	1,214	1,534
Depreciation	(191)	(212)	(303)	(330)	(402)
Interest	(39)	(75)	(136)	(118)	(124)
Profit/(loss) before taxation	(375)	405	876	766	1,008
Taxation	-	-	(12)	-	(88)
Profit/(loss) after taxation	(375)	405	864	766	920
Number of ordinary shares of RM1.00 each in issue ('000)	100	758	758	758	758
Gross EPS (RM)	(3.75)	0.53	1.16	1.01	1.33
Net EPS (RM)	(3.75)	0.53	1.14	1.01	1.21
Gross dividend rate (%)	-	-	-	-	-

Notes to the results of KPI

- (a) The audited results of KPI have been prepared on accounting policies consistent with those previously adopted in the preparation of the company's audited financial statements.
- (b) There were no extraordinary or exceptional items for the financial period/years under review.
- (c) The effective tax rates for 1997, 1998 and 2000 were lower mainly due to utilisation of tax losses brought forward.

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.

- (d) The gross and net earnings per share are calculated based on the profit/(loss) before taxation and profit/(loss) after taxation attributable to shareholders of the company for the financial period/years respectively divided by the number of ordinary shares in issue for each financial period/year under review.

X. ACCOUNTANTS' REPORT (Cont'd)

(v) LVC

The summarised profit and loss accounts based on the audited accounts of LVC for the past five (5) financial years ended 31 March 2000 are as follows:

	<----- Year ended 31 March ----->				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	239	444	80	169	253
Profit/(loss) before interest and depreciation	206	201	(17)	39	64
Depreciation	(45)	(20)	(1)	(1)	(1)
Interest	-	-	-	-	-
Profit/(loss) before taxation	161	181	(18)	38	63
Taxation	(62)	(59)	-	-	(18)
Profit/(loss) after taxation	99	122	(18)	38	45
Number of ordinary shares of RM1.00 each in issue ('000)	400	400	400	400	400
Gross EPS (RM)	0.40	0.45	(0.05)	0.10	0.16
Net EPS (RM)	0.25	0.31	(0.05)	0.10	0.11
Gross dividend rate (%)	-	-	-	-	-

Notes to the results of LVC

- (a) The audited results of LVC have been prepared on accounting policies consistent with those previously adopted in the preparation of the company's audited financial statements.
- (b) There were no extraordinary or exceptional items for the financial years under review.
- (c) The effective tax rates for 1996 to 1997 were higher than the statutory rate of taxation because of certain expenses being disallowed for taxation purposes.

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.

- (d) The gross and net earnings per share are calculated based on the profit/(loss) before taxation and profit/(loss) after taxation attributable to shareholders of the company for the financial years respectively divided by the number of ordinary shares in issue for each financial year under review.

X. ACCOUNTANTS' REPORT (Cont'd)

(vi) GPP

The summarised profit and loss accounts based on the audited accounts of GPP for the past five (5) financial years ended 31 March 2000 are as follows:

	<----- Year ended 31 March ----->				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	-	-	-	-	-
Profit before interest and depreciation	-	-	-	-	-
Depreciation	-	-	-	-	-
Interest	-	-	-	-	-
Profit before taxation	-	-	-	-	-
Taxation	-	-	-	-	-
Profit after taxation	-	-	-	-	-
Number of ordinary shares of RM1.00 each in issue ('000)	#	#	#	#	#
Gross EPS (RM)	-	-	-	-	-
Net EPS (RM)	-	-	-	-	-
Gross dividend rate (%)	-	-	-	-	-

represents RM2.00

X. ACCOUNTANTS' REPORT (Cont'd)

(IV) DIVIDENDS

The GPAH Group has not paid or declared any dividends during the period/years under review except as set out below:-

Financial year ended	Issued and paid-up share capital RM'000		Gross dividend RM'000	Tax rate %	Net dividend RM'000
GPA					
31.03.1999	5,200	Final	520	28	374
31.03.2000	5,200	Final	520	-	520

No dividend has been declared by other subsidiary companies in the GPAH Group for the financial period/years under review.

(V) SUMMARISED BALANCE SHEETS**(i) GPAH**

The balance sheet of GPAH based on its first set of audited accounts for the financial period ended 31 March 2000 is as follows:-

	As at 31.3.2000 RM'000
Current assets	*
Current liabilities	(173)
Net current liabilities	(173)
Deferred expenditure	173
	*
Share capital	*
Net liabilities per share (RM)	(86,500)

* *This represents RM2.00*

There were no accounts prepared prior to 31 March 2000

X. ACCOUNTANTS' REPORT (Cont'd)

(ii) GPA

Summarised balance sheets based on the audited accounts of GPA for the past six (6) financial years ended 31 March 2000 are as follows:

	<----- As at 31 March ----->					
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
Fixed assets	8,306	9,355	9,314	9,048	8,275	9,839
Subsidiary companies	3,051	3,312	2,320	2,646	2,856	(813)
Current assets	11,144	11,655	16,025	18,281	15,170	19,330
Current liabilities	(10,009)	(11,420)	(14,775)	(15,577)	(10,442)	(9,183)
Net current assets	1,135	235	1,250	2,704	4,728	10,147
	12,492	12,902	12,884	14,398	15,859	19,173
Represented by:						
Share capital	5,000	5,000	5,200	5,200	5,200	5,200
Reserves	2,236	2,035	2,389	4,122	6,281	8,003
Shareholders' funds	7,236	7,035	7,589	9,322	11,481	13,203
Long term liabilities	5,256	5,867	5,295	5,076	4,378	5,970
	12,492	12,902	12,884	14,398	15,859	19,173
Net tangible assets per share (RM)	1.45	1.41	1.46	1.79	2.21	2.64

X. ACCOUNTANTS' REPORT (Cont'd)

(iii) GPM

Summarised balance sheets based on the audited accounts of GPM for the past six (6) financial years ended 31 March 2000 are as follows:

	<----- As at 31 March ----->					
	1995	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	330	236	140	297	404	348
Current assets	5,348	7,267	7,597	8,737	12,347	13,950
Current liabilities	(4,905)	(6,088)	(5,139)	(5,406)	(5,570)	(4,199)
Net current assets	443	1,179	2,458	3,331	6,777	9,751
	773	1,415	2,598	3,628	7,181	10,099
Represented by:						
Share capital	500	500	600	600	600	600
Reserves	273	915	1,998	3,028	6,581	9,499
Shareholders' funds	773	1,415	2,598	3,628	7,181	10,099
Net tangible assets per share (RM)	1.55	2.83	4.33	6.05	11.97	16.83

X. ACCOUNTANTS' REPORT (Cont'd)

(iv) **KPI**

Summarised balance sheets based on the audited accounts of KPI for the past six (6) financial period/years ended 31 March 2000 are as follows:

	As at	←----- As at 31 March ----->				
	31.12.1994	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	192	704	1,981	2,092	2,324	2,581
Amount due from holding company	-	-	-	-	-	43
Subsidiary company	-	-	26	1	-	90
Current assets	257	318	1,143	1,446	1,351	1,988
Current liabilities	(389)	(1,288)	(1,707)	(1,670)	(1,091)	(760)
Net current (liabilities)/assets	(132)	(970)	(564)	(224)	260	1,228
	60	(266)	1,443	1,869	2,584	3,942
Represented by:						
Share capital	100	100	758	758	758	758
Reserves	(40)	(366)	39	904	1,670	2,590
Shareholders' funds	60	(266)	797	1,662	2,428	3,348
Long term liabilities	-	-	646	207	156	594
	60	(266)	1,443	1,869	2,584	3,942
Net tangible assets/ (liabilities) per share (RM)	0.60	(2.66)	1.05	2.19	3.20	4.42

X. ACCOUNTANTS' REPORT (Cont'd)

(v) LVC

Summarised balance sheets based on the audited accounts of LVC for the past six (6) financial period/years ended 31 March 2000 are as follows:

	<----- As at 31 March ----->					
	1995	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed assets	390	367	12	11	9	8
Current assets	46	251	688	631	699	682
Current liabilities	(167)	(250)	(210)	(170)	(198)	(135)
Net current (liabilities)/assets	(121)	1	478	461	501	547
	269	368	490	472	510	555
Represented by:						
Share capital	400	400	400	400	400	400
Reserves	(131)	(32)	90	72	110	155
Shareholders' funds	269	368	490	472	510	555
Net tangible assets per share (RM)	0.67	0.92	1.23	1.18	1.28	1.39

X. ACCOUNTANTS' REPORT (Cont'd)

(vi) GPP

Summarised balance sheets based on the audited accounts of GPP for the past six (6) financial years ended 31 March 2000 are as follows:

	<----- As at 31 March ----->					
	1995	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current assets	*	*	*	*	*	*
Current liabilities	(5)	(6)	(13)	(15)	(18)	(21)
Net current liabilities	(5)	(6)	(13)	(15)	(18)	(21)
Deferred expenditure	5	6	13	15	18	21
	*	*	*	*	*	*
Represented by:						
Share capital	*	*	*	*	*	*
Net liabilities per share (RM)	(2,494)	(2,794)	(6,344)	(7,364)	(8,962)	(10,487)

* Represents RM2.00

X. ACCOUNTANTS' REPORT (Cont'd)

(VI) STATEMENT OF ASSETS AND LIABILITIES

This Statement of Assets and Liabilities of GPAH and the Proforma GPAH Group have been prepared based on the audited accounts as at 31 March 2000 of GPAH, GPA, GPM, GPP, KPI and LVC and should be read in conjunction with the notes thereon.

The Statement of Assets and Liabilities of the Proforma GPAH Group have been prepared for illustrative purposes only on the assumption that the restructuring exercise of GPAH as stated in paragraph (II)(b) have been completed as at 31 March 2000.

	Note	Proforma GPAH Group RM'000	GPAH RM'000
CAPITAL AND RESERVES			
Share capital	3	40,000	*
Share premium	4	7,038	-
Reserve on consolidation		5,604	-
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS		52,642	*
DEFERRED AND LONG TERM LIABILITIES			
Deferred taxation		618	-
Hire-purchase creditors	5	120	-
		<hr/>	<hr/>
		53,380	*
Represented by:			
FIXED ASSETS	6	20,545	-
CURRENT ASSETS			
Stocks	7	8,198	-
Trade debtors	8	18,906	-
Other debtors, deposits and prepayments		4,183	-
Deposits with a licensed bank		272	-
Cash and bank balances		9,532	*
		<hr/>	<hr/>
		41,091	*
CURRENT LIABILITIES			
Trade creditors		2,506	-
Other creditors and accrued liabilities		3,563	173
Hire-purchase creditors	5	300	-
Proposed dividends		520	-
Taxation		1,540	-
		<hr/>	<hr/>
		8,429	173
NET CURRENT ASSETS/(LIABILITIES)		32,662	(173)
Deferred expenditure		173	173
		<hr/>	<hr/>
		53,380	*
Net tangible assets/(net liabilities) per share (RM)		1.31	(86,500)

* Represents RM2.00

Notes to the Statement of Assets and Liabilities

(1) Basis of preparation of the accounts

The accounts of the Proforma GPAH Group and GPAH have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(2) Significant group accounting policies

All significant group accounting policies set out below are consistent with those applied in the previous year.

(a) Accounting convention

The accounts are prepared under the historical cost convention.

(b) Basis of consolidation

The consolidated accounts include the accounts of GPAH and all its subsidiary companies made up to the end of the financial year. Inter-company transactions are eliminated on consolidation and the consolidated accounts reflect external transactions only. GPAH adopts the acquisition method of consolidation.

When the acquisition method is adopted, the excess of the purchase price over the fair value of the net assets of subsidiary companies at the date of acquisition is included in the consolidated accounts as goodwill on consolidation. Goodwill on consolidation will be written off against the consolidated profit and loss account.

(c) Fixed assets and depreciation

The cost of fixed assets comprises their purchase cost and any incidental cost of acquisition.

Fixed assets are stated at cost, less accumulated depreciation.

Freehold land is not depreciated. On other assets, depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The annual rates are:

	%
Buildings	2
Plant, machinery and equipment	10
Office equipment	15
Renovations	15
Furniture and fittings	15
Motor vehicles	20
Moulds	10

X. ACCOUNTANTS' REPORT (Cont'd)

(2) Significant group accounting policies (continued)**(d) Stocks**

Stocks and work-in-progress are valued at the lower of cost and net realisable value after adequate provision has been made for all deteriorated, damaged, obsolete or slow-moving stocks. Cost consists of direct materials, direct labour and production overheads determined on a weighted average basis.

(e) Deferred taxation

Provision is made, using the liability method, for taxation deferred in respect of all timing differences except where it is considered reasonably probable that the tax effects of such deferrals will continue in the foreseeable future.

(f) Currency translations

Foreign monetary currency assets and liabilities are translated into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date and profit and loss items, where applicable, are converted at rates ruling on the transaction dates. Exchange differences arising from these transactions are taken to the profit and loss account.

(g) Debtors

Known bad debts are written off and specific provision is made for any considered to be doubtful of collection.

(h) Hire-purchase assets

Assets financed by hire-purchase arrangements which transfer substantially all the risks and rewards of ownership to the proforma GPAH Group and GPAH are capitalised as fixed assets and corresponding obligations are treated as liabilities. The fixed assets capitalised are depreciated on the same basis as owned assets. Finance charges are allocated to the profit and loss account over the period of the arrangements to give a constant periodic rate of charge on the remaining hire-purchase liabilities.

(i) Investment in subsidiary companies

Investments in subsidiary companies, associated companies and other investments held as long term investments are stated at cost unless there has been a permanent diminution in value, in which case a provision is made.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(k) Income recognition

Turnover is recognised upon delivery of products, net of discounts, returns and other eliminating sales within the Proforma GPAH Group.

X. ACCOUNTANTS' REPORT (Cont'd)

(3) Share capital

	Proforma GPAH Group RM'000	GPAH RM'000
Ordinary shares of RM1.00 each:		
Authorised	50,000	50,000
Issued and fully paid:		
As at 14.9.1999	*	*
Shares issued in consideration for the Acquisition and Transfers	17,932	-
Rights Issue	16,068	-
Public Issue	6,000	-
	<u>40,000</u>	<u>*</u>

* *Represents RM2.00*

The increase in the issued and fully paid up share capital under the Proforma GPAH Group is pursuant to the Restructuring Exercise as explained in paragraph(II)(b).

(4) Share premium

	Proforma GPAH Group RM'000	GPAH RM'000
Share premium arising pursuant to:		
Rights Issue	5,338	-
Public Issue	3,000	-
	<u>8,338</u>	<u>-</u>
Listing expenses	(1,300)	-
	<u>7,038</u>	<u>-</u>

(5) Hire-purchase creditors

	Proforma GPAH Group RM'000	GPAH RM'000
Repayable within 12 months	300	-
Repayable after 12 months	120	-
	<u>420</u>	<u>-</u>

X. ACCOUNTANTS' REPORT (Cont'd)

(6) Fixed assets

	Freehold land RM'000	Buildings RM'000	Office equipment RM'000	Plant, machinery and equipment RM'000	Renovations RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Moulds RM'000	Total RM'000
Proforma GPAH Group									
Cost									
At 1 April 1999	2,363	3,982	400	14,581	827	153	1,265	1,121	24,692
Additions	-	-	135	7,664	285	-	67	361	8,512
Disposals	-	-	-	(634)	-	-	-	-	(634)
At 31 March 2000	2,363	3,982	535	21,611	1,112	153	1,332	1,482	32,570
Depreciation									
At 1 April 1999	-	445	254	8,209	601	147	530	225	10,411
Charge for the year	-	50	36	1,679	79	2	232	126	2,204
Disposals	-	-	-	(590)	-	-	-	-	(590)
At 31 March 2000	-	495	290	9,298	680	149	762	351	12,025
Net book value									
At 31 March 2000	2,363	3,487	245	12,313	432	4	570	1,131	20,545

The freehold land and buildings have been charged to licensed banks for banking facilities granted to the Proforma GPAH Group.

Included in cost and accumulated depreciation of fixed assets of the Proforma GPAH Group and GPAH are assets acquired under instalment purchase plans:

	Proforma GPAH Group RM'000	GPAH RM'000
Cost	2,172	-
Accumulated depreciation	(442)	-
Net book value	1,730	-

X. ACCOUNTANTS' REPORT (Cont'd)

(7) Stocks

	Proforma GPAH Group RM'000	GPAH RM'000
Raw materials	2,406	-
Work-in-progress	2,010	-
Finished goods	3,277	-
	<hr/> 7,693	<hr/> -
Provision for stock loss	(179)	-
	<hr/> 7,514	<hr/> -
Machinery parts and spares	684	-
	<hr/> 8,198	<hr/> -

(8) Debtors

	Proforma GPAH Group RM'000	GPAH RM'000
Trade debtors	21,157	-
Provision for doubtful debts	(2,251)	-
	<hr/> 18,906	<hr/> -

(9) Contingent liabilities

	Proforma GPAH Group RM'000	GPAH RM'000
Corporate guarantee for banking facilities given to subsidiary companies	-	5,665
	<hr/>	<hr/>

X. ACCOUNTANTS' REPORT (Cont'd)

(VII) NET TANGIBLE ASSET COVER

Based on the statement of assets and liabilities of the Proforma GPAH Group as at 31 March 2000, the proforma net tangible assets per share will be as follows:

	Proforma GPAH Group
Proforma net tangible assets as at 31 March 2000	RM52,469,000
Number of ordinary shares of RM1.00 each in issue	40,000,000
Proforma net tangible assets per ordinary share of RM1.00 each	RM1.31

(VIII) ACCOUNTS

No audited accounts have been prepared in respect of any period subsequent to 31 March 2000.

Yours faithfully,

PricewaterhouseCoopers
(No. AF: 1146)
Public Accountants

XI. DIRECTORS' REPORT

(Prepared for inclusion in this Prospectus)

Registered Office:-

8-3, Jalan Segambut
51200 Kuala Lumpur

19 June 2000

The Shareholders
GPA Holdings Berhad

Dear Sir/Madam

On behalf of the Board of Directors of GPA Holdings Berhad ("GPAH"), I report after due inquiry that during the period from 31 March 2000 (being the date to which the last audited accounts of GPAH and its subsidiaries ("Group") have been made up) to 19 June 2000 (being a date not earlier than fourteen days before the issue of this Prospectus):-

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

Yours faithfully
For and on behalf of
the Board of Directors of GPA Holdings Berhad

Dato' Tan Hua Choon
Chairman

XII. VALUATION CERTIFICATES

(Prepared for inclusion in this Prospectus)

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

19 June 2000

The Board of Directors
GPA Holdings Berhad
8-3, Jalan Segambut
51200 Kuala Lumpur

Dear Sirs

GPA HOLDINGS BERHAD ("GPAH")

PROSPECTUS IN RELATION TO THE PUBLIC ISSUE OF 6,000,000 NEW ORDINARY SHARES OF RM1.00 EACH AT AN ISSUE PRICE OF RM1.50 PER ORDINARY SHARE

OPEN MARKET VALUE OF LOT PT 7836 IN THE MUKIM OF KAPAR, DISTRICT OF KLANG, SELANGOR DARUL EHSAN (THE INDUSTRIAL PREMISES OF GP AUTOBAT SDN. BHD. ALONG JALAN HAJI ABDUL MANAN, OFF JALAN MERU, KLANG)

In accordance with your instructions this letter has been prepared for inclusion in the Prospectus to be dated 27 June 2000 in connection with the Public Issue of 6,000,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per share.

We are pleased to certify that we have valued the abovementioned property on 23 July 1999 vide our Report and Valuation bearing reference number MV(S) 480/99 for purpose of submission for approval to the Securities Commission.

This valuation was prepared in accordance with the "Guidelines on Asset Valuations for submission to the Securities Commission" issued by the Securities Commission and the "Manual of Valuation Standards" issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

The **Open Market Value** of the property held under a grant-in-perpetuity, in its existing condition, with vacant possession and subject to its title being free from encumbrances good marketable and registrable is **RM5,900,000** (Malaysian Ringgit Five Million And Nine Hundred Thousand Only).

The term "Open Market Value" means "the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Information and data for the abovementioned valuation were obtained from various sources and they include the Land Office, the Valuation & Property Services Department, enquiries made on the field and information from the client.

The Comparison and Investment Methods of Valuation were used in arriving at the value of the property.

XII. VALUATION CERTIFICATES (Cont'd)

Brief details of the property are as follows:-

(Property held for owner occupation)

PROPERTY	DESCRIPTION	OPEN MARKET VALUE
Lot PT 7836 (H.S.(D) 17768) in the Mukim of Kapar, District of Klang, Selangor Darul Ehsan (Lot 7836, Jalan Haji Abdul Manan, Off Jalan Meru, Klang)	A 2.4662-acre parcel of freehold industrial land built upon with industrial buildings and structures Age of buildings ~ 10 to 15 years	RM5,900,000

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

Elvin Fernandez, FISM
Registered Valuer, V-170
Director

XII. VALUATION CERTIFICATES (Cont'd)

(Prepared for inclusion in this Prospectus)

Jurukor Hartanah
86A, Jalan Padang Belia
Brickfields
50470 Kuala Lumpur

19 June 2000

The Board of Directors
GPA Holdings Berhad
8-3, Jalan Segambut
51200 Kuala Lumpur

Dear Sirs

GPA HOLDINGS BERHAD ("GPAH")

PROSPECTUS IN RELATION TO THE PUBLIC ISSUE OF 6,000,000 NEW ORDINARY SHARES OF RM1.00 EACH AT AN ISSUE PRICE OF RM1.50 PER ORDINARY SHARE

OPEN MARKET VALUE OF LOTS 5031, 5032 AND 5033 IN THE MUKIM OF KAPAR, DISTRICT OF KLANG, SELANGOR DARUL EHSAN (ALL SITUATED OFF JALAN MERU)

In accordance with your instructions this letter has been prepared for inclusion in the Prospectus to be dated 27 June 2000 in connection with the Public Issue of 6,000,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per share.

We are pleased to certify that we have valued the land described above on 31 May 2000 vide our Valuation Report with the reference, V/BK/MkKp/5031.

The **Open Market Value** of the subject land in its existing state, with vacant possession and subject to its titles being free of encumbrances is **RM8,970,000** (Ringgit Eight Million, Nine Hundred and Seventy Thousand Only).

The term "Open Market Value" as defined by the statement of standard No. 1.3.1 in the Manual of Valuation Standards is taken to mean, "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Information and data which we have relied on in our valuation exercise were obtained from several sources and they include the Land Office, Survey Department, Selangor State Town and Country Planning Department, the Valuation & Property Services Department, the Property Market Report for the years, 1998 and 1999, information gathered during the visit to the site and documentary evidences furnished by the client.

The Comparison Method of Valuation was used because the subject is a vacant site and the highest and best use of the land in our opinion is the development of a new manufacturing plant on the site for the client's own use.

XII. VALUATION CERTIFICATES (Cont'd)

The schedule of the land which form the subject of our valuation is as follows:-

Properties held for future development

Title/Lot No.	Description/ Tenure	Land Area	Open Market Value RM
GM 2255/5031 Mukim of Kapar District of Klang Selangor Darul Ehsan	Vacant industrial land/ Freehold	3.062 acres (133,380 sq. ft.)	3,000,000
EMR 6716/5032 Mukim of Kapar District of Klang Selangor Darul Ehsan <i>(Mukim Grant is in the process of being extracted)</i>	Vacant industrial land/ Freehold	3.062 acres (133,380 sq. ft.)	3,000,000
EMR 6938/5033 Mukim of Kapar District of Klang Selangor Darul Ehsan <i>(Mukim Grant is in the process of being extracted)</i>	Vacant industrial land/ Freehold	3.031 acres (132,030 sq. ft.)	2,970,000

Yours faithfully
JURUKOR HARTANAH
VE(3) 0117

Lew Chin Chuan, FIEA
Registered Valuer, V/080
Principal