

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



Date : 22 JUNE, 2000

The Board of Directors
GOLSTA SYNERGY BERHAD
11, Jalan TTC 30
Taman Teknologi Cheng
75260 Melaka

Arthur Andersen & Co
Public Accountants

Graha Maju Bangunan PKNM
Tiogkat 10 Lot 1
Jalan Graha Maju
75300 Melaka
Malaysia

Tel 606 2831399
Fax 606 2841799

Dear Sirs,

This report has been prepared for inclusion in the Prospectus to be dated 28 June, 2000 in connection with the Special Issue of **2,600,000** new ordinary shares of **RM1.00** each and Public Issue of **6,400,000** new ordinary shares of **RM1.00** each in **GOLSTA SYNERGY BERHAD** (hereinafter referred to as "Golsta" or "the Company") at an issue price of **RM1.70** per share and the listing and quotation of the entire enlarged issued and fully paid-up share capital of Golsta comprising 42000,000 ordinary shares of **RM1.00** each on the Second Board of the Kuala Lumpur Stock Exchange ("**KLSE**").

A. GENERAL INFORMATION

1. **Incorporation**

Golsta was incorporated in Malaysia on 2 June, 1999 as a private limited company under the name of Golsta Synergy Sdn Bhd and on 8 June, 1999, the Company was converted to a public company and assumed its present name.

2. **Principal activities**

The principal activities of the Company are investment holding and provision of management services to its subsidiaries.

3. **Subsidiaries**

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

(i) **Golsta Sdn Bhd ("GSB")**

GSB was incorporated in Malaysia on 19 November, 1984. The authorised share capital of GSB as at the date of this report is **RM5,000,000** divided into **5,000,000** ordinary shares of **RM1** each of which **3,000,000** ordinary shares of **RM1** each have been issued and fully paid up as at 31 December, 1999.

The principal activity of GSB is the design, fabrication and installation of plant and process engineering and related components.

14. ACCOUNTANTS' REPORT (cont'd)
(Prepared for inclusion in this Prospectus)

(ii) **Foundry Engineering Corporation Sda .Bhd ("FESB")**

FESB was **incorporated** on 29 November, 1978 under the name of Foundry Engineering Works (**Malacca**) Sdn. Bhd. and subsequently changed its name to Foundry Engineering Corporation Sdn. Bhd. on 26 January, 1999. The **authorised** share capital is **RM10,000,000** divided into **10,000,000** ordinary shares of **RM1** each of which **6,000,000** ordinary shares of **RM1** each have **been issued and fully paid up as at 31 December, 1999.**

It is **principally** engaged in design, fabrication and **construction** of **plant** equipment for food **manufacturing** and **related** industrial products.

(iii) **Golsta Industries Sdn Bhd ("GISB")**

GISB was incorporated on 20 April, 1985. The **authorised** share capital is **RM1,000,000** divided into 1,000,000 ordinary shares of **RM1.00** each of **which** 100,000 ordinary shares of **RM1** each have been issued and fully paid up as at 31 December, 1999.

It is principally engaged in engineering **consultancy**, project management and related maintenance **services.**

(iv) **GEM Asia Sdn Bhd ("GASB")**

GASB was **incorporated** on 27 October, 1998. The **authorised** and issued paid up share capital of **GASB** is **RM100,000** divided into 100,000 **ordinary** shares of **RM1.00** each as at 31 December, 1999.

It is principally engaged in advanced **technology** **development**, project advisory and related engineering works.

FESB, GISB and GASB are all subsidiaries of GSB and hereinafter collectively **referred** to as the "GSB Group".

4. **Restructuring** and flotation scheme

In conjunction with and as part of the listing, and quotation of **the entire issued and paid up share** capital of **Golsta** on the Second Board of the **Kuala Lumpur Stock Exchange**, **the Company** proposed to **undertake** a **restructuring** exercise involving the following :-

- a) **incorporation** of revaluation surplus on the landed properties of the **GSB Group** amounting to **RM6,570,912** based on the net book value as at 31 December, 1998;
- b) acquisition of **the** entire issued and paid-up share capital of GSB for a purchase consideration of **RM22,058,879** which is to be satisfied by the issue of **22,058,879** new ordinary shares of **RM1** each at par in the Company. The purchase consideration has been arrived at based on the audited net tangible assets as at 31 December, 1998 after **adjusting** for the **revaluation** surplus of **RM6,570,912** arising **from** the revaluation of the landed properties of the **GSB Group**;

14 ACCOUNTANTS' REPORT (*cont'd*)
(Prepared for inclusion in this Prospectus)

- c) rights issue of **10,931,121** new ordinary shares of **RM1.00** each in the Company at an issue price of **RM1.60** per share on the basis of approximately 495.3 new ordinary shares of **RM1.00** each for every one thousand existing ordinary shares held after the proposed acquisition;
- d) special issue of **2,600,000** new ordinary shares of **RM1.00** each in the Company at an issue price of **RM1.70** per share to eligible Bumiputra investors to be nominated and approved by the Ministry of International Trade and Industry;
- e) public issue of **6,400,000** new ordinary shares of **RM1.00** each in the Company at an issue price of **RM1.70** per share to the Malaysian public and eligible directors, employees and business associates.

5. Share capital

The authorised share capital of the Company at the date of incorporation is **RM100,000** comprising 100,000 shares of **RM1** each. As at 29 May, 2000, the authorised share capital was increased from **RM100,000** to **RM50,000,000** by the creation of **49,900,000** new shares of **RM1.00** each.

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

<u>Date of Allotment</u>	<u>No. of Ordinary Shares of RM1 each</u>	<u>d e r i v a t i o n</u>	<u>Cumulative total paid-up share capital</u> RM
2.6.1999	10,000	Subscribers' share	10,000
30.5.2000	22,058,879	Issued as consideration for the acquisition of GSB	22,068,879
19.6.2000	10,931,121	Bights issue	33,000,000

B. ACCOUNTS AND AUDITORS

We were appointed as auditors of GSB and FESB with effect from the financial year ended 31 December, 1998. The said accounts were reported on by us without any qualification.

The accounts of GSB and FESB prior to our appointment as auditors were audited by another firm of public accountants and the reports under review were not subject to any qualification.

The accounts of GASB and GISB were audited by another firm of public accountants and their reports under review were not subject to any qualification.

14. **ACCOUNTANTS' REPORT (cont'd)**
(Prepared for inclusion in this Prospectus)

3

c. **SUMMARISED PROFIT AND LOSS ACCOUNTS**

We set out below the proforma consolidated financial results of **Golsta** and its subsidiaries ("the Group") for the past five financial years ended 31 December, 1995 to 1999 based on their audited accounts. The proforma consolidated results are provided for illustrative purposes only, based on the assumption that the Group has been in existence throughout the years under review.

	← Financial year ended 31 December →				
	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	21,213	22,873	31,517	38,892	42,673
Profit before depreciation, interest and taxation	2,429	3,224	6,409	9,751	10,997
Interest expense	(246)	(241)	(899)	(1,382)	(1,159)
Depreciation	(424)	(457)	(691)	(1,073)	(1,485)
Profit before taxation	1,759	2,526	4,819	7,296	8,353
Taxation	(422)	(496)	(681)	(1,134)	(389)
Profit after taxation	1,337	2,030	4,138	6,162	7,964
Minority interest	(79)	-	-	-	(47)
Profit after taxation	1,258	2,030	4,138	6,162	7,917
Number of ordinary shares of RM1.00 each assumed to be in issue ('000 shares)	33,000	33,000	33,000	33,000	33,000
Gross earnings per share (RM)	0.05	0.08	0.15	0.22	0.25
Net earnings per share (RM)	0.04	0.06	0.13	0.19	0.24

Notes

- (1) Golsta's results are not included as it was incorporated on 2 June, 1999 and is currently dormant.
- (2) There were no extraordinary and exceptional items in all the financial years under review.
- (3) The gross earnings per share have been calculated based on the profit before taxation divided by the issued and paid-up share capital of **33,000,000** ordinary shares.

14. ACCOUNTANTS' REPORT *(cont'd)*
(Prepared for inclusion in this Prospectus)

- (4) The net earnings per share have been calculated based on the profit **after** taxation divided by **the** issued and paid-up share capital of **33,000,000** ordinary **shares**.
- (5) Golsta has not declared or paid any dividend since the date of incorporation.
- (6) Turnover increased in 1997 due mainly to more contracts secured **from foreign** customers as a result of the group's increased emphasis on design and build turnkey.
- (7) The increase in profit before taxation for the financial years 1997 and 1998 were mainly due to:
- the growth in **turnover**;
 - contracts secured **from** foreign customers which were mainly denominated in USD or other more stable **currencies**. **As** a result of a **favourable** exchange rate of other more stable currencies against **Ringgit Malaysia**, the revenue and **profit** margin from these contracts were higher compared with prior year.

GSB

	← Financial year ended 31 December →				
	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	13.800	14.063	23,099	28.645	32,238
Profit before depreciation, interest and taxation	1,342	4,200	57967	8,611	7,593
Interest expense	(180)	(162)	(840)	(1,355)	(1,146)
Depreciation	(239)	(219)	(428)	(603)	(1,005)
Profit before taxation	923	3,819	4,699	6,653	5,442
Taxation	(73)	(1,071)	(675)	(933)	(300)
Profit after taxation	850	2,748	4,024	5,720	5,142
Weighted average issued and paid up share capital ('000 shares)	350	350	350	1,344	3,000
Gross earnings per share (RM)	2.64	10.91	13.43	4.95	1.81
Net earnings per share (RM)	2.43	7.85	11.50	4.26	1.71

14. ACCOUNTANTS' REPORT *(cont'd)*
(Prepared for inclusion in this Prospectus)

Notes:

(1) The above results are prepared based on the audited accounts. There were no extraordinary and exceptional items in all the financial years under review.

(2) Included in the profit before taxation are dividend income received from a subsidiary, FESB as follows :

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
operating profit before taxation	923	1,999	2,679	4,217	5,226
Dividend income		1,820	2,020	2,436	216
Profit before taxation	923	3,819	4,699	6,653	5,442

Operating profit before taxation for the financial year 1996 increased due mainly to new contracts secured from customers involved in poultry feed meal processing, industrial drying tunnel, industrial conveyors and distribution systems which contributed higher profit margin, as opposed to rubber processing user industry as in previous year.

Operating profit before taxation for the financial year 1998 increased as a result of:

- a) capitalisation of development costs. In previous years, the development costs have been charged to the profit and loss accounts as there were insufficient certainty that future economic benefits will be realised;
 - b) increase in the turnover and margin of contracts secured due mainly to quotation of overseas contracts in USD or other more stable currencies.
- (3) The taxation charge in 1999 relates to taxation and underprovision of tax in prior years. There is no tax charge on business income for the financial year ended 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act 1999.

The effective rate of taxation for the other financial years under review were lower than the standard rate of tax applicable to GSB's profits due mainly to the claims of reinvestment allowances which are subject to agreement with the Inland Revenue Board.

- (4) 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 of the respective years.
- (5) 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 of the respective years.
- (6) In 1997, the growth in turnover was achieved through more overseas projects secured with increasing emphasis on design and build and turnkey basis.

14. ACCOUNTANTS* REPORT *(cont'd)*
(Prepared for inclusion in this Prospectus)

FESB

	← Financial year ended 31 December →				
	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	7,162	8,311	8,418	11,513	13,362
Profit before depreciation, interest and taxation	1,036	1,460	1,722	2,770	3,110
Interest expense	(65)	(79)	(59)	(28)	(12)
Depreciation	(185)	(236)	(263)	(469)	(475)
Profit before taxation	786	1,145	1,400	2,273	2,623
Taxation	(333)	(180)	(242)	(457)	(89)
Profit after taxation	453	965	1,158	1,816	2,534
Weighted average issued and paid up share capital (‘000 shares)	100	100	100	**500	6,000
Gross EPS (RM)	● 1.57	*2.29	*2.80	4.55	0.44
Net EPS (RM)	*0.91	● 1.93	● 2.32	3.63	0.42

* Computed based on 0.5 million ordinary shares of RM1 each with the incorporation of the bonus issue of 0.4 million ordinary shares in 1998.

** A further increase in the paid up capital of FESB by approximately 5.5 million shares through rights issue on 24.12.98 was assumed to be on 3 1.12.98.

Notes

- (1) The above results are prepared based on the audited accounts. There were no extraordinary and exceptional items in all the financial years under review.
- (2) 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 of the respective years.
- (3) 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 of the respective years.

14. ACCOUNTANTS' REPORT *(cont'd)*
(Prepared for inclusion in this Prospectus.)

- (4) The effective rate of taxation for 1995 was higher than the standard rate of tax applicable to **FESB's** profits due mainly to certain expenses being disallowed for taxation purposes.

The effective rate of taxation for 1996, 1997 and 1998 were lower than the standard rate of tax applicable to **FESB's** profits due mainly to the claims of reinvestment allowances which are subject to agreement with the Inland Revenue Board.

The tax charge in 1999 relates to deferred taxation. There is no tax charge on business income for the financial year ended 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act 1999.

- (5) Turnover increased in 1998 due to new contracts secured in relation to the snack food and food processing lines **from** Iran, China and Netherlands.
- (6) Profit before taxation increased in 1998 mainly due to the **following**:-
- increase in turnover and complexity of the new contracts secured which resulted **in a higher profit margin to FESB**;
 - decline in sales commission as more contracts were secured directly by the company, bypassing overseas **agents as in** previous years.

GISB

	← Financial year ended 31 December →				
	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	251	499	925	1,927	2,101
Profit before taxation	51	84	158	421	486
Taxation	(16)	(25)	(44)	(127)	-
Profit after taxation	35	59	114	294	486
Weighted average number of ordinary shares (shares)	7	7	7	7	100,000
Gross EPS (RM)	7,286	12,000	22,571	*60,143	4.86
Net EPS (RM)	5,000	8,429	16,286	● 42,000	4.86

- The gross/net EPS for the year ended 1998 are calculated by dividing **GISB's** profit before/after taxation of RM0.42 million and RM0.29 million respectively by the weighted average number of shares in issue during the year of 7. (Note : The increase in the paid-up capital of GISB **from** 7 to 100,000 shares on 28 December, 1998 was assumed to be effected on 31 December, 1998).

14. ACCOUNTANTS' REPORT (cont'd)
(Prepared for inclusion in this Prospectus)

Notes

- (1) The above results are prepared based on the audited accounts. There were no extraordinary and exceptional items for all the financial years under review.
- (2) The effective rates of taxation for 1995 and 1998 were higher than the standard rate of tax applicable to **GISB's** profits due mainly to certain expenses being disallowed for taxation purposes. **There** is no tax charge on business income for the financial year ended 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act 1999.
- (3) 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 of the respective **years**.
- (4) 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 of the respective **years**.
- (5) The increase in turnover **from** the financial years 1996 to 1998 were attributed to more contracts secured **from** third parties and related companies for maintenance works. **Correspondingly**, profit **before** taxation **increased** as a result of the improvement in the Company's **performance**.
- (6) There is no interest and **depreciation** incurred for all the years under review.

GASB

	27.10.1998 To 31.12.1998 RM	1.1.1999 to 31.12.1999 RM
Turnover	42,000	220,355
operating expenses	(20,768)	(119,520)
Depreciation	(1,472)	(5,326)
Profit before taxation	<u>19,760</u>	<u>95,509</u>
Taxation		-
Profit after taxation	<u>19.760</u>	<u>95.509</u>
Number of ordinary shares in issue ('000 shares)	100	100
Gross EPS (RM)	0.20	0.96
Net EPS (RM)	0.20	0.96

14. **ACCOUNTANTS' REPORT (cont'd)**
(Prepared for inclusion in this Prospectus)

Notes :

- (1) The above results are prepared based on the audited accounts. There were no extraordinary and exceptional items for all the financial years under review.
- (2) The gross earnings per share have been calculated based on the profit before taxation divided by the issued and paid-up share capital of the respective years.
- (3) The net earnings per share have been calculated based on the profit after taxation divided by the issued and paid-up share capital of the respective years.
- (4) **There** is no tax charge for the financial year ended 1999 as the amount payable is waived in accordance with the Income Tax (Amendment) Act, 1999.
- (5) **There** is no interest incurred for all the years under review.

D. DIVIDENDS

The Company has not declared or paid any dividend since the date of incorporation.

The details of dividends declared or paid by the subsidiaries, GSB and FESB, in respect of all the financial years under review are as follows :-

<u>Year Ended</u>	<u>Issued and Paid-up Share Capital</u> RM'000	<u>Dividend</u>	<u>Gross Dividend Rate</u> %	<u>Tax Rate</u> %	<u>Net Dividend</u> RM'000
<u>GSB</u>					
31.12.1996	350,000	Final	5%		17,500
31.12.1997	350,000	Final	5%		17,500
31.12.1998	3,000,000	Final	5%	-	150,000
31.12.1999	3,000,000	Final	5%		150,000
<u>FESB</u>					
31.12.1996	100,002	Final	2,600%	30%	1,820,036
31.12.1997	100,002	Final	1,000%	28%	720,014
31.12.1998	6,000,000	Final	* 1,364%	28%	982,362
31.12.1999	6,000,000	Final	* 1,454%	-	1,453,687
31.12.1999	6,000,000	Final	5%	28%	216,000

* The gross dividend rate was based on the number of ordinary shares in issue of 100,002 before declaring a rights issue of 5,499,990 and bonus issue of 400,008 ordinary shares during the financial year ended 31 December, 1998.

Except for the above, no dividend has been declared or paid by the other subsidiaries during all the financial years under review.

14. ACCOUNTANTS' REPORT *(cont'd)*
(Prepared for inclusion in this Prospectus)

☪

E. **SUMMARISED BALANCE SHEETS**

The audited balance sheets of **the** Company and its subsidiaries based on their respective financial year/period ends are summarised as follows :-

Golsta

	As at <u>31 December, 1999</u> RM'000
Current Asset	2
Current Liability	<u>(2)</u>
NET CURRENT ASSET	
INTANGIBLE ASSETS	<u>10</u>
	<u>10</u>
SHAREHOLDERS' FUNDS	
Share capital	<u>10</u>
Net Tangible Assets Per Ordinary Shares (RM)	<u>-</u>

The Company was incorporated on 2 June, 1999 and the accounts for the financial year ended 31 December, 1999 is the first set of accounts since its incorporation.

14. ACCOUNTANTS* REPORT (cont'd)
(Prepared for inclusion in this Prospectus)

GSB

	As at 31 December					
	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
	RM'000	RM 000	RM 000	RM'000	RM'000	RM'000
Current Assets	2,418	4,274	4,255	10,694	5,300	7,032
Current Liabilities	6,574	5,422	6,721	17,044	15,269	10,745
NET CURRENT LIABILITIES	(4,156)	(1,148)	(2,466)	(6,350)	(9,969)	(3,713)
INVESTMENT IN SUBSIDIARIES	1,959	1,966	4,379	3,516	8,321	8,322
OTHER INVESTMENTS	85	83	83	706	-	-
FIXED ASSETS	4,391	4,401	5,769	18,497	22,950	23,789
RESEARCH AND DEVELOPMENT	-	-	-	-	516	777
HIRE PURCHASE CREDITORS	(126)	(114)	(28)	(1,181)	(538)	(284)
TERM LOANS	(666)	(965)	(796)	(4,036)	(3,334)	(5,752)
DEFERRED TAXATION	(80)	(168)	(156)	(360)	(734)	(934)
	1,405	4,055	6,785	10,792	17,212	22,205
Share capital	350	350	350	350	3,000	3,000
Share application monies	-	1,800	1,800	1,800	-	-
Retained profits	1,055	1,905	4,635	8,642	14,212	19,205
	1,405	4,055	6,785	10,792	17,212	22,205
Net Tangible Assets Per Ordinary Share (RM)	4.01	11.59	19.39	30.83	5.56	7.14

FESB

	As at 31 December					
	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current Assets	3,397	3,787	4,563	4,270	4,776	8,172
Current Liabilities	3,317	3,370	5,232	7,614	2,897	3,484
NET CURRENT ASSETS/(LIABILITIES)	80	417	(669)	(3,344)	1,879	4,688
FIXED ASSETS	3,259	3,308	3,531	5,328	4,955	4,509
HIRE PURCHASE CREDITORS	(172)	(162)	(205)	(96)	(66)	(22)
TERM LOAN	(239)	(158)	(78)	-	-	-
DEFERRED TAXATION	(45)	(69)	(98)	(270)	(270)	(359)
	2,883	3,336	2,481	1,618	6,498	8,516
Share capital	100	100	100	100	6,000	6,000
Retained profits	2,783	3,236	2,381	1,518	498	2,816
	2,883	3,336	2,481	1,618	6,498	8,816
Net Tangible Assets Per Ordinary Share (RM)	28.83	33.36	24.81	16.18	1.08	1.47

14. ACCOUNTANTS' REPORT (cont'd)
(Prepared for inclusion in this Prospectus)

GISE

	← As at 31 December →					
	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
	RM	RM	RM	RM	RM	RM
Current Assets	1,033	48 1,053	727,937	972,147	1,643,878	1,601,959
Current Liabilities	47,536	492,773	680,331	810,824	1,088,719	561,215
NET CURRENT (LIABILITY)/ASSETS	(46,503)	(11,720)	47,606	161,323	555,159	1,040,744
Share capital	7	7	7	7	100,000	100,000
Profit and loss account	(46,510)	(11,727)	47,599	161,316	455,159	940,744
	(46,503)	(11,720)	47,606	161,323	555,159	1,040,744
Net Tangible Assets/ (Liabilities) Per Ordinary Share (RM)	(6,643.28)	(1,674.29)	6,800.86	23,046.14	5.55	10.41

GASB

	← As at 31 December →	
	<u>1998</u>	<u>1999</u>
	RM	RM
Current Assets	94,001	196,594
Current Liabilities	9,646	20,651
NET CURRENT ASSETS	84,355	175,943
FIXED ASSETS	35,405	39,326
	119,760	215,269
Share capital	100,000	100,000
Retained profits	19,760	115,269
	119,760	215,269
Net Tangible Assets Per Ordinary Share (RM)	1.20	2.15

14. ACCOUNTANTS' REPORT (cont'd)
(Prepared for inclusion in this Prospectus)

F. PROFORMA STATEMENT OF ASSETS AND LIABILITIES

The following proforma statement of assets and liabilities of the Group have been prepared based on the audited balance sheets of the Company and its subsidiaries as at 31 December, 1999 and on the assumption that the acquisitions of subsidiaries and rights issue have been effected as at 31 December, 1999 and are provided for illustrative purposes only.

	<u>Note</u>	<u>The Company</u> <u>RM'000</u>	<u>Proforma Group</u> <u>RM'000</u>
CURRENT ASSETS			
Cash and bank balances		2	19,599
Trade debtors	2	-	7,695
Other debtors, deposits and prepayments	3	-	1,192
stocks	4	-	<u>3,644</u>
		<u>-</u>	<u>32,130</u>
CURRENT LIABILITIES			
Short term borrowings	5	-	5,532
Trade creditors		-	3,189
Other creditors and accruals		2	<u>1,399</u>
Provision for taxation		-	884
Hire purchase creditors	6	-	459
Term loans	7	-	651
Proposed dividends			335
		<u>2</u>	<u>12,449</u>
NET 'CURRENT ASSETS		-	19,681
FIXED ASSETS	8	-	34,908
RESEARCH AND DEVELOPMENT INTANGIBLE ASSETS		-	777
GOODWILL ARISING FROM CONSOLIDATION		10	10
HIRE PURCHASE CREDITORS	6	-	(305)
TERM LOANS	7	-	<u>(5,752)</u>
DEFERRED TAXATION	9	-	<u>(1,293)</u>
MINORITY INTERESTS		-	(105)
		<u>10</u>	<u>49,700</u>
SHAREHOLDERS' FUNDS			
Share capital	10	10	33,000
Reserves	11	-	16,700
		<u>10</u>	<u>49,700</u>
Net Tangible Assets Per Ordinary Share (RM)		-	<u>1.43</u>