X. FINANCIAL INFORMATION

1. PROFIT AND DIVIDEND RECORD

(i) OCB – Company

OCB was incorporated on 30 October 1999 and became an investment holding company on 30 June 2000 pursuant to the restructuring exercise set out in Section IX(2) of this Prospectus.

(ii) OCB Group – Proforma

The following summary of the proforma consolidated results of the OCB Group for the past 5 financial years ended 31 October 1999 and the 5 months ended 31 March 2000 has been prepared based on the audited accounts of the respective companies in the OCB Group and on the assumption that the current structure of the OCB Group has been in existence throughout the period under review. The proforma consolidated results are presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report as set out in Section XI of this Prospectus:-

	<——— Financial years ended 31 October ———>					5 months ended 31 March
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
Turnover	13,911	15,285	20,562	36,210	41,821	22,064
Profit before depreciation, interest and exceptional items	3,016	4,739	6,207	10,009	11,915	5,821
Depreciation	(557)	(608)	(663)	(872)	(917)	(416)
Interest expense	(274)	(336)	(251)	(403)	(269)	(63)
Exceptional items (1)	16	2	-	-	-	-
Profit before taxation	2,201	3,797	5,293	8,734	10,729	5,342
Taxation (2)	(617)	(1,131)	(1,527)	(2,376)	(417)	(1,480)
Profit after taxation (2)	1,584	2,666	3,766	6,358	10,312	3,862
Number of ordinary shares assumed in issue ('000) (3)	25,180	25,180	25,180	25,180	25,180	25,180
Gross EPS (sen) (4)	8.74	15.08	21.02	34.69	42.61	(6)50.92
Net EPS (sen) (5)	6.29	10.59	14.96	25.25	40.95	(6)36.81
Gross dividend rate (%)	-	-	-	-	-	-

Notes:-

(1) *Following the Group's adoption of the Malaysian Accounting Standards Board Standard 3, the amount which was classified as an extraordinary item in the audited accounts of DP for the financial years ended 31 October 1995 and 1996 of RM15,960 and RM2,160 respectively, have been reclassified as an exceptional item in arriving at the pre-tax profit. The exceptional items for the financial year ended 31 October 1995 and 1996 are in respect of DP's net gain on disposal of a shop lot and the write-back of real property gains tax on the said disposal respectively.The net effects of the adjustment to the audited results are summarised below:-*

	<--------- Financial years ended 31 October --------->					5 months ended 31 March
	1995	**1996**	**1997**	**1998**	**1999**	**2000**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Profit before taxation						
As per audited accounts	2,185	3,795	5,293	8,734	10,729	5,342
Adjustments	16	2	-	-	-	-
As adjusted	2,201	3,797	5,293	8,734	10,729	5,342

(2) *The audited taxation of DCHEM, DP and DJ for all the financial years/period under review have been adjusted for under/over provision of taxation to the financial years/period in which it relates. The net effects of the adjustment to the audited results are summarised below:-*

	<--------- Financial years ended 31 October --------->					5 months ended 31 March
	1995	**1996**	**1997**	**1998**	**1999**	**2000**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Taxation						
As per audited accounts	(742)	(1,233)	(1,280)	(2,407)	(468)	(1,425)
Adjustments	125	102	(247)	31	51	(55)
As adjusted	(617)	(1,131)	(1,527)	(2,376)	(417)	(1,480)
Profit after taxation						
As per audited accounts	1,443	2,562	4,013	6,327	10,261	3,917
Adjustments	141	104	(247)	31	51	(55)
As adjusted	1,584	2,666	3,766	6,358	10,312	3,862

(3) *Being the number of ordinary shares in issue after the Acquisitions but prior to the Rights Issue.*

(4) *Based on the profit before taxation divided by the number of ordinary shares assumed to be in issue following the Acquisitions.*

(5) *Based on the profit after taxation divided by the number of ordinary shares assumed to be in issue following the Acquisitions.*

(6) *Annualised.*

(7) *Save as disclosed in Note (1), there were no extraordinary items for the financial years/period under review.*

(8) *The proforma consolidated results of the OCB Group have been prepared based on the audited results of OCB for the period from 30 October 1999 (date of incorporation) to 31 March 2000, the audited results of DCHEM and DP for the past 5 financial years ended 31 October 1999 and the 5 months ended 31 March 2000, the audited results of Hexagon for the 5 months ended 31 March 2000, the audited results of PP for the period from 17 March 1998 (date of incorporation) to 31 October 1998, the financial year ended 31 October 1999 and the 5 months ended 31 March 2000, the audited results of DJ for the period from 29 February 1996 (date of incorporation) to 31 October 1996, the 3 financial years ended 31 October 1999 and the 5 months ended 31 March 2000, and the audited results of PTD for the period from 7 March 1997 (date of inception) to 31 October 1998, the financial year ended 31 October 1999 and the 5 months ended 31 March 2000.*

(9) *All significant inter-company transactions have been eliminated from the Group's results.*

Commentary:-

1. The increase in turnover of the Group for the financial year ended 31 October 1996 was mainly due to the increase in orders from existing customers and an increase in the customer base especially from its subsidiary, DJ, which commenced operations in 1996.

   The increase in turnover for the financial year ended 31 October 1997 was mainly due to the full year operations of DJ and an increase in selling price of some of the Group's products to partly cushion the impact of an increase in prices of certain raw materials and direct factory overheads.

   The increase in turnover for the financial year ended 31 October 1998 was mainly due to an increase in customer base and demand for higher priced products, a further increase in selling price of some of the Group's products in view of the increase in prices of certain raw materials and direct factory overheads and penetration into overseas market, namely Indonesia, upon commencement of PTD's operation during the financial year.

   The increase in turnover for the financial year ended 31 October 1999 was mainly due to an increase in demand for the Group's products amidst the gradual recovery in the Malaysian and regional economic environment coupled with PTD's full year of operations.

   The increase in annualised turnover for the 5 months ended 31 March 2000 was mainly due to the increase in orders from customers in Indonesia.

2. The increase in profit before taxation for the financial years/period under review was in line with the increase in turnover. The increase in percentage of profit before taxation over turnover ("PBT Margin") for the financial years ended 31 October 1996 and 1997 was mainly due to tighter control on selling and administrative costs and improved manufacturing facilities introduced by DCHEM in 1995 which reduced the direct labour costs and wastages.

   The slight decrease in the PBT Margin in the financial year ended 31 October 1998 as compared to the financial year ended 31 October 1997 was mainly due to the increase in prices of certain raw materials and direct factory overheads coupled with high incidence of bad debts caused by the downturn in the Malaysian and regional economies. However, these factors were mitigated by an increase in selling price of some of the Group's products and the implementation of effective cost reduction measures.

The recovery of the PBT Margin for the financial year ended 31 October 1999 was mainly due to lower incidence of bad debts. The low PBT Margin recorded for the 5 months ended 31 March 2000 was mainly due to an increase in prices of certain raw materials and direct factory overheads without a corresponding increase in selling prices.

3. There is no significant variation between the adjusted effective tax rate and the statutory tax rate applicable to the Group for all the financial years/period under review except for the financial years ended 31 October 1995 and 1999. The effective tax rate for the financial year ended 31 October 1995 was lower than the statutory tax rate applicable to this financial year mainly due to availability of reinvestment allowance on DCHEM's qualifying assets acquired during the year. The effective tax rate for the financial year ended 31 October 1999 was lower than the statutory tax rate mainly due to waiver of income tax on income earned in this financial year by the Malaysian subsidiaries of the OCB Group as provided under the Income Tax (Amendment) Act 1999.

(iii) The summarised audited results of the companies in the OCB Group based on the audited accounts of OCB, DCHEM, Hexagon, PP, DJ, DKL, DP and PTD for the relevant financial years/periods are as follows:-

(a) OCB

The following table sets out a summary of the audited profit and dividend record of OCB for the period from 30 October 1999 (date of incorporation) to 31 March 2000:-

	(1)30.10.99 to 31.03.00 RM'000
Turnover	-
Loss before depreciation and interest	(1)
Depreciation	-
Interest expense	-
Loss before taxation	(1)
Taxation	-
Loss after taxation	(1)
Number of ordinary shares in issue ('000)	300
Gross loss per share (sen)(2)	(4)(0.80)
Net loss per share (sen)(3)	(4)(0.80)
Gross dividend rate (%)	-

Notes:-

(1) First statement of accounts.

(2) Based on the loss before taxation divided by the number of ordinary shares in issue during the financial period.

(3) Based on the loss after taxation divided by the number of ordinary shares in issue during the financial period.

(4) Annualised.

(5) There were no extraordinary items or exceptional items for the financial period under review.

Commentary:-

1. The loss before taxation mainly represents excess of administrative expenditure over interest income of OCB for the financial period.

(b) DCHEM

The following table sets out a summary of the audited profit and dividend record of DCHEM for the past 5 financial years ended 31 October 1999 and the 5 months ended 31 March 2000:-

	< Financial years ended 31 October				>	5 months ended 31 March
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
Turnover	10,234	12,343	16,549	28,466	31,095	17,431
Profit before depreciation and interest	2,284	3,367	3,847	5,362	5,940	2,842
Depreciation	(467)	(445)	(483)	(562)	(487)	(231)
Interest expense	(174)	(248)	(190)	(391)	(253)	(58)
Profit before taxation	1,643	2,674	3,174	4,409	5,200	2,553
Taxation(1)	(441)	(805)	(905)	(1,299)	(68)	(730)
Profit after taxation(1)	1,202	1,869	2,269	3,110	5,132	1,823
Weighted average number of ordinary shares in issue ('000)	(2)6,276	(3)7,800	(3)7,800	7,800	(4)7,824	10,500
Gross EPS (sen)(5)	26.18	34.28	40.69	56.53	66.46	(7)58.35
Net EPS (sen)(6)	19.15	23.96	29.09	39.87	65.59	(7)41.67
Gross dividend rate (%)	-	-	-	-	-	-

X. FINANCIAL INFORMATION *(CONT'D)*

Notes:-

(1) *The audited taxation figures have been adjusted to account for under/over provision of taxation to the financial years/period in which it relates in order to be more reflective of the tax position for the respective financial years/period. The net effects of these adjustments to the audited results are as follows: -*

	<------------ Financial years ended 31 October ---------->					5 months ended 31 March
	1995	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Taxation						
As per audited accounts	(560)	(913)	(661)	(1,342)	(91)	(687)
Adjustments	119	108	(244)	43	23	(43)
As adjusted	(441)	(805)	(905)	(1,299)	(68)	(730)
Profit after taxation						
As per audited accounts	1,083	1,761	2,513	3,067	5,109	1,866
Adjustments	119	108	(244)	43	23	(43)
As adjusted	1,202	1,869	2,269	3,110	5,132	1,823

(2) *Being the weighted average number of ordinary shares in issue after taking into account new allotment of shares during the year and the bonus factor arising from the bonus issue of 6,500,000 ordinary shares of RM1.00 each on the basis of 5 new ordinary shares for every 1 existing ordinary share held which was implemented in the financial year ended 31 October 1998.*

(3) *Being the weighted average number of ordinary shares in issue after taking into account the bonus factor arising from the bonus issue of 6,500,000 ordinary shares of RM1.00 each on the basis of 5 new ordinary shares for every 1 existing ordinary share held which was implemented in the financial year ended 31 October 1998.*

(4) *Being the weighted average number of ordinary shares in issue after taking into account new allotment of shares during the year.*

(5) *Based on the profit before taxation divided by the weighted average number of ordinary shares in issue during the financial years/period.*

(6) *Based on the profit after taxation divided by the weighted average number of ordinary shares in issue during the financial years/period.*

(7) *Annualised.*

(8) *There were no extraordinary items or exceptional items for the financial years/period under review.*

Commentary:-

1. The increase in turnover of DCHEM for the financial year ended 31 October 1996 was mainly due to the increase in orders from existing customers and an increase in the customer base especially from its subsidiary, DJ, which commenced operations in 1996.

   The increase in turnover for the financial year ended 31 October 1997 was mainly due to an increase in selling price of some of DCHEM's products to partly cushion the impact of an increase in price of certain raw materials and direct factory overheads.

   The increase in turnover for the financial year ended 31 October 1998 was mainly due to an increase in customer base and demand for higher priced products, a further increase in selling price of some of DCHEM's products in view of the increase in prices of certain raw materials and direct factory overheads and penetration into overseas market, namely Indonesia, via a subsidiary, PTD.

   The increase in turnover for the financial year ended 31 October 1999 and the annualised turnover for the 5 months ended 31 March 2000 was mainly due to an increase in local as well as Indonesian customers' demand amidst the gradual recovery in the Malaysian and regional economies.

2. The increase in profit before taxation for the financial years/period under review was in line with the increase in turnover. The increase in PBT Margin for the financial year ended 31 October 1996 was mainly due to improved manufacturing facilities introduced in 1995 which reduced the direct labour costs and wastages.

   The lower PBT Margin in the financial years ended 31 October 1997 and 1998 respectively as compared to the financial year ended 31 October 1996 was mainly due to the increase in prices of certain raw materials and direct factory overheads and for the financial year ended 31 October 1998, the lower PBT Margin was also due to high incidence of bad debts caused by the downturn in the Malaysian and regional economies.

   The higher PBT Margin for the financial year ended 31 October 1999 as compared to the financial year ended 31 October 1998 was mainly due to lower incidence of bad debts resulted from the application of selective sales approach.

   The low PBT Margin for the 5 months ended 31 March 2000 was mainly due to an increase in prices of certain raw materials and direct factory overheads.

3. There is no significant variation between the adjusted effective tax rate and the statutory tax rate applicable to DCHEM for all the financial years/period under review except for the financial years ended 31 October 1995 and 1999. The effective tax rate for the financial year ended 31 October 1995 was lower than the statutory tax rate applicable to this financial year mainly due to availability of reinvestment allowance claimed by DCHEM on qualifying fixed assets acquired during the year. The effective tax rate for the financial year ended 31 October 1999 was lower than the statutory tax rate mainly due to waiver of income tax on income earned in this financial year as provided under the provisions of the Income Tax (Amendment) Act 1999.

(c) **Hexagon**

The following table sets out a summary of the audited profit and dividend record of Hexagon for the 5 months ended 31 March 2000:-

	(1)5 months ended 31 March 2000 RM'000
Turnover	-
Loss before depreciation and interest	(1)
Depreciation	-
Interest expense	-
Loss before taxation	(1)
Taxation	-
Loss after taxation	(1)
Number of ordinary shares in issue	2
Gross loss per share (RM)(2)	(4)(1,200.00)
Net loss per share (RM)(3)	(4)(1,200.00)
Gross dividend rate (%)	-

Notes:-

(1) First profit and loss statement.

(2) Based on the loss before taxation divided by the number of ordinary shares in issue during the financial period.

(3) Based on the loss after taxation divided by the number of ordinary shares in issue during the financial period.

(4) Annualised.

(5) There were no extraordinary items or exceptional items for the financial period under review.

Commentary:-

1. The loss before taxation mainly represents administrative expenditure incurred by Hexagon during the financial period.

(d) PP

The following table sets out a summary of the audited profit and dividend record of PP for the period from 17 March 1998 (date of incorporation) to 31 October 1998, the financial year ended 31 October 1999 and the 5 months ended 31 March 2000:-

	[1]17.03.98 to 31.10.98 RM'000	Financial year ended 31 October 1999 RM'000	5 months ended 31 March 2000 RM'000
Turnover	1,581	4,877	4,381
Profit before depreciation and interest	180	436	362
Depreciation	-	-	-
Interest expense	-	-	-
Profit before taxation	180	436	362
Taxation	(17)	-	(100)
Profit after taxation	163	436	262
No. of ordinary shares in issue	2	2	2
Gross EPS (RM'000)[2]	[4]144.00	218.00	[4]434.40
Net EPS (RM'000)[3]	[4]130.40	218.00	[4]314.40
Gross dividend rate (%)	-	-	-

Notes:-

(1) First statement of accounts.

(2) Based on the profit before taxation divided by the number of ordinary shares in issue during the financial periods/year.

(3) Based on the profit after taxation divided by the number of ordinary shares in issue during the financial periods/year.

(4) Annualised.

(5) There were no extraordinary items or exceptional items for the financial periods/year under review.

Commentary:-

1. The increase in turnover and profit before taxation of PP for the financial year ended 31 October 1999 and the annualised turnover for the 5 months ended 31 March 2000 was mainly due to increase in export sales to Indonesia.

2. The higher PBT Margin for the financial period ended 31 October 1998 was mainly due to unrealised foreign exchange gain recognised in the financial period.

3. The effective tax rate for the financial period ended 31 October 1998 was lower than the statutory tax rate applicable to this financial period mainly due to unrealised foreign exchange gain of RM120,000 which is not subject to tax. There is no taxation for the financial year ended 31 October 1999 mainly due to waiver of income tax on income earned in this financial year as provided under the Income Tax (Amendment) Act 1999.

(e) DJ

The following table sets out a summary of the audited profit and dividend record of DJ for the period from 29 February 1996 (date of incorporation) to 31 October 1996, the 3 financial years ended 31 October 1999 and the 5 months ended 31 March 2000:-

	[1]29.02.96 to 31.10.96 RM'000	<-Financial years ended 31 October-> 1997 RM'000	1998 RM'000	1999 RM'000	5 months ended 31 March 2000 RM'000
Turnover	448	3,938	6,977	6,271	3,468
Profit before depreciation and interest	98	721	1,237	866	474
Depreciation	(29)	(58)	(62)	(67)	(29)
Interest expense	-	-	(4)	(4)	(2)
Profit before taxation	69	663	1,171	795	443
Taxation[2]	(24)	(198)	(345)	3	(128)
Profit after taxation[2]	45	465	826	798	315
Weighted average no. of ordinary shares in issue ('000)	[3]529	[4]700	700	700	700
Gross EPS (sen)[5]	[7]19.57	94.71	167.29	113.57	[7]151.89
Net EPS (sen)[6]	[7]12.76	66.43	118.00	114.00	[7]108.00
Gross dividend rate (%)	-	-	-	-	-

X. FINANCIAL INFORMATION *(CONT'D)*

Notes:-

(1) *First statement of accounts.*

(2) *The audited taxation figures have been adjusted to account for under/over provision of taxation to the financial periods/years in which it relates in order to be more reflective of the tax position for the respective financial periods/years as follows:-*

	29.02.96 to 31.10.96 RM'000	<-Financial years ended 31 October--> 1997 RM'000	1998 RM'000	1999 RM'000	5 months ended 31 March 2000 RM'000
Taxation					
As per audited accounts	(24)	(199)	(357)	3	(116)
Adjustments	-	1	12	-	(12)
As adjusted	(24)	(198)	(345)	3	(128)
Profit after taxation					
As per audited accounts	45	464	814	798	327
Adjustments	-	1	12	-	(12)
As adjusted	45	465	826	798	315

(3) *Being the weighted average number of ordinary shares in issue after taking into account new allotment of shares during the year and the bonus factor arising from the bonus issue of 500,000 ordinary shares of RM1.00 each on the basis of 5 new ordinary shares for every 2 existing ordinary shares held which was implemented in the financial year ended 31 October 1998.*

(4) *Being the weighted average number of ordinary shares in issue after taking into account the bonus factor arising from the bonus issue of 500,000 ordinary shares of RM1.00 each on the basis of 5 new ordinary shares for every 2 existing shares held which was implemented in the financial year ended 31 October 1998.*

(5) *Based on the profit before taxation divided by the weighted average number of ordinary shares in issue during the financial periods/years.*

(6) *Based on the profit after taxation divided by the weighted average number of ordinary shares in issue during the financial periods/years.*

(7) *Annualised.*

(8) *There were no extraordinary items or exceptional items for the financial periods/years under review.*

Commentary:-

1. The increase in turnover of DJ for the financial year ended 31 October 1997 was mainly due to increase in orders from its existing customers whilst the increase in turnover for the financial year ended 31 October 1998 was mainly due to an increase in customer base coupled with the increase in selling price of some of its products to partly cushion the impact of an increase in prices of certain raw materials.

   The decrease in turnover for the financial year ended 31 October 1999 was mainly due to lower demand from its existing customers as a result of a shift in production strategy by the MNCs.

   The increase in annualised turnover for the 5 months ended 31 March 2000 was mainly due to increase in demand amidst the recovery in the Malaysian economy.

2. Profit before taxation for the financial years ended 31 October 1997 and 1998 respectively increased in tandem with the increase in turnover. The decrease in profit before taxation and the PBT Margin for the financial year ended 31 October 1999 were mainly due to higher incidence of bad debts whereas for the annualised 5 months period ended 31 March 2000, the decrease in the profit before taxation and the PBT Margin were mainly due to lower selling prices.

3. The adjusted effective tax rate for the financial period ended 31 October 1996 was higher than the statutory tax rate applicable to this financial period mainly due to certain expenses being disallowed for tax purposes. There was no tax expense for the financial year ended 31 October 1999 mainly due to waiver of income tax on income earned in the financial year as provided under the Income Tax (Amendment) Act 1999.

(f) DKL

DKL has no profit and dividend record as it has not commenced operation since its incorporation.

(g) DP

The following table sets out a summary of the audited profit and dividend record of DP for the past 5 financial years ended 31 October 1999 and the 5 months ended 31 March 2000:-

	<------Financial years ended 31 October------>					5 months ended 31 March
	1995 RM'000	**1996 RM'000**	**1997 RM'000**	**1998 RM'000**	**1999 RM'000**	**2000 RM'000**
Turnover	6,321	6,937	8,507	16,385	16,667	8,227
Profit before depreciation, interest and exceptional items	734	1,365	1,663	2,851	3,165	1,220
Depreciation	(90)	(133)	(120)	(150)	(139)	(54)
Interest expense	(100)	(88)	(61)	(8)	(11)	(3)
Exceptional items[1]	16	2	-	-	-	-
Profit before taxation but after exceptional items	560	1,146	1,482	2,693	3,015	1,163
Taxation[2]	(176)	(330)	(423)	(662)	-	(337)
Profit after taxation [2]	384	816	1,059	2,031	3,015	826
Weighted average no. of ordinary shares in issue ('000)	[3]2,337	[4]3,500	[4]3,500	3,500	3,500	3,500
Gross EPS (sen)[5]	23.96	32.74	42.34	76.94	86.14	[7]79.75
Net EPS (sen)[6]	16.43	23.31	30.26	58.03	86.14	[7]56.64
Gross dividend rate (%)	-	10.00	-	-	-	-

Notes:-

(1) Following the adoption of Malaysian Accounting Standards Board Standard 3, the amount which was classified as an extraordinary item in the audited accounts of DP for the financial years ended 31 October 1995 and 1996 of RM15,960 and RM2,160 respectively, have been reclassified as an exceptional item in arriving at the pre-tax profit. The exceptional items for the financial years ended 31 October 1995 and 1996 are in respect of DP's net gain on disposal of a shop lot and the write-back of real property gains tax on the said disposal respectively.

The net effects of the adjustment to the audited results are summarised below:-

	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	5 months ended 31 March 2000 RM'000
	<------Financial years ended 31 October------>					
Profit before taxation						
As per audited accounts	*544*	*1,144*	*1,482*	*2,693*	*3,015*	*1,163*
Adjustments	*16*	*2*	-	-	-	-
As adjusted	*560*	*1,146*	*1,482*	*2,693*	*3,015*	*1,163*

(2) *The audited taxation of DP for the financial years/period under review has been adjusted for under/over provision of taxation to the financial years/period in which it relates. The net effects of the adjustment to the audited results are summarised below:-*

	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	5 months ended 31 March 2000 RM'000
	<------Financial years ended 31 October------>					
Taxation						
As per audited accounts	*(182)*	*(325)*	*(419)*	*(638)*	*(28)*	*(337)*
Adjustments	*6*	*(5)*	*(4)*	*(24)*	*28*	-
As adjusted	*(176)*	*(330)*	*(423)*	*(662)*	-	*(337)*
Profit after taxation						
As per audited accounts	*362*	*819*	*1,063*	*2,055*	*2,987*	*826*
Adjustments	*22*	*(3)*	*(4)*	*(24)*	*28*	-
As adjusted	*384*	*816*	*1,059*	*2,031*	*3,015*	*826*

(3) *Being the weighted average number of ordinary shares in issue after taking into account new allotment of shares during the year and the bonus factor arising from the bonus issue of 2,195,000 ordinary shares of RM1.00 each on the basis of 1.68 new ordinary shares for every 1 existing ordinary share held which was implemented in the financial year ended 31 October 1998.*

(4) *Being the weighted average number of ordinary shares in issue after taking into account the bonus factor arising from the bonus issue of 2,195,000 ordinary shares of RM1.00 each on the basis of 1.68 new ordinary shares for every 1 existing ordinary share held which was implemented in the financial year ended 31 October 1998.*

(5) *Based on the profit before taxation divided by the weighted average number of ordinary shares in issue during the financial years/period.*

(6) *Based on the profit after taxation divided by the weighted average number of ordinary shares in issue during the financial years/period.*

(7) *Annualised.*

(8) *Save as disclosed in Note (1), there were no extraordinary items for the financial years/period under review.*

Commentary:-

1. The turnover of DP for the financial years ended 31 October 1996 to 1999 and the annualised turnover for the 5 months ended 31 March 2000 recorded an increasing trend mainly due to the increase in demand from customers. The turnover for the financial year ended 31 October 1997 was not affected by the financial crisis due to the export-oriented nature of products produced by its customers. The significant increase in turnover for the financial year ended 31 October 1998 was also partly contributed by an increase in the selling prices of some of the DP's products to partly cushion the increase in the prices of certain raw materials.

2. Profit before taxation for the financial years ended 31 October 1996 to 1999 increased in line with the increase in turnover. The higher PBT Margin for the financial years ended 31 October 1996 to 1999 was also due to better control of operating costs. The annualised profit before taxation and PBT Margin for the 5 months ended 31 March 2000 were lower mainly due to increase in costs of certain raw materials without a corresponding increase in selling prices.

3. The adjusted effective tax rate for the financial year ended 31 October 1998 was lower than the statutory tax rate applicable to this financial year mainly due to availability of reinvestment allowance on qualifying assets acquired during the year. There was no tax expense for the financial year ended 31 October 1999 mainly due to waiver of income tax on income earned in the financial year as provided under the Income Tax (Amendment) Act 1999.

(h) PTD

The following table sets out a summary of the audited profit and dividend record of PTD for the period from 7 March 1997 (date of inception) to 31 October 1998, the financial year ended 31 October 1999 and the 5 months ended 31 March 2000:-

	07.03.97 to 31.10.98 RM'000	Financial year ended 31 October 1999 RM'000	5 months ended 31 March 2000 RM'000
Turnover	1,256	7,439	5,223
Profit before depreciation and interest	405	1,535	937
Depreciation	(94)	(222)	(102)
Interest expense	-	-	-
Profit before taxation	311	1,313	835
Taxation	(53)	(351)	(184)
Profit after taxation	258	962	651
No. of ordinary shares in issue ('000)(1)	1,000	1,000	1,000
Gross EPS (sen)(2)	(4)18.79	131.30	(4)200.40
Net EPS (sen)(3)	(4)15.59	96.20	(4)156.24
Gross dividend rate (%)	-	-	-

Notes:-

(1) Based on the issued and paid-up share capital of 1,000,000 ordinary shares of USD1.00 each.

(2) Based on the profit before taxation divided by the number of ordinary shares in issue during the financial periods/year.

(3) Based on the profit after taxation divided by the number of ordinary shares in issue during the financial periods/year.

(4) Annualised.

(5) The results for the financial periods/year under review were translated from the audited accounts of PTD denominated in Rp by using the prevailing average rate of RM1.00 : Rp2,692.30, RM1.00 : Rp1,941.13 and RM1.00 : Rp1,949.55 for the financial period ended 31 October 1998, financial year ended 31 October 1999 and financial period ended 31 March 2000 respectively.

(6) There were no extraordinary items or exceptional items for the financial periods/year under review.

Commentary:-

1. The increase in turnover of PTD for the financial year ended 31 October 1999 and the annualised turnover for the 5 months period ended 31 March 2000 was mainly due to increase in the number of customers and an increase in demand from existing customers. For the financial year ended 31 October 1999, the increase in turnover was also contributed by an increase in selling price of some of its products.

2. The increase in profit before taxation for the financial year ended 31 October 1999 was in line with the higher turnover, economies of scale and an increase in selling prices. However, the PBT Margin recorded for the financial year ended 31 October 1999 was lower than the financial period ended 31 October 1998 mainly due to foreign exchange losses suffered in the financial year ended 31 October 1999 as opposed to foreign exchange gains recorded in the financial period ended 31 October 1998.

   The decrease in profit before taxation and the PBT Margin for the 5 months ended 31 March 2000 was mainly due to an increase in costs of certain raw materials without a corresponding increase in selling price of some of PTD's products.

3. The effective tax rates for all the financial periods/year under review were lower than Indonesia's statutory tax rate applicable to these financial periods/year mainly due to adjustments for depreciation (similar to Malaysia's capital allowance) and interest income from fixed deposits of which has already been taxed at source.

2. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(i) Working Capital

The Directors of OCB are of the opinion that, after taking into account the consolidated cashflows estimate and forecast, banking facilities available and the gross proceeds from the Rights Issue and Public Issue, the Group will have adequate working capital for its present and foreseeable requirements.

(ii) Borrowings

As at 6 September 2000 (being the latest practical date at which such amounts could be calculated prior to the registration of this Prospectus), the total bank borrowings and utilised overdrafts of the Group amounted to RM3.170 million, details of which are as follows:-

	RM'000
Short-term	
Bank overdraft	2,032
Revolving loan	1,000
Term loan	100
Long-term	
Term loan	38
	3,170

The term loans, bank overdraft and revolving loan facilities are secured as follows:-

1. An "all monies" first legal charge on H.S. (D) 51794, P.T. 43442, Mukim of Klang, Selangor Darul Ehsan;
2. First and second legal charge on H.S. (M) 787, Lot 002938, H.S. (M) 788, Lot 002939, H.S. (D) 540, Lot 003017, H.S. (D) 541, Lot 003018, Mukim 6, Province Wellesley Central, Prai, Pulau Pinang;
3. Letter of negative pledge by DCHEM;
4. General security agreement relating to goods;
5. Letter of undertaking from DCHEM to upstamp the "all monies" first legal charge;
6. Blanket counter indemnity by DCHEM; and
7. A joint and several guarantee by the Directors of DP.

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

(iii) Contingent Liabilities

On 3 September 2000, a fire had occurred at a part of the open store yard of DCHEM which is used to store certain raw materials. The fire has resulted in damage to the raw materials and the Tenaga Nasional Berhad's sub-station located therein, the refuse chamber, the back portion of DCHEM's production building for powder blending and DCHEM's back-up generator set. The fire has also indirectly resulted in some damage to an adjacent third party's premise. As at 6 September 2000, the Directors of OCB have not been able to ascertain the extent of damage caused by the fire incident. However, to the best of the knowledge of the Directors of OCB, the insurance policies of DCHEM currently in force should adequately cover for any possible liabilities which may arise therefrom and that in the opinion of the Board of Directors of OCB, barring any unforeseen circumstances, the fire incident will not have any material adverse impact on the profit estimate and forecast for the financial years ending 31 October 2000 and 2001 respectively.

Save as disclosed above, as at 6 September 2000 (being the latest practical date prior to the registration of this Prospectus), the Directors of OCB are not aware of any contingent liabilities which upon becoming enforceable, may have a material impact on the profits or net assets value of the Group.

(iv) Capital Commitments

As at 6 September 2000 (being the latest practical date at which such amounts could be calculated prior to the registration of this Prospectus), the Group has the following capital commitments:-

	RM'000
Authorised and contracted for:-	
• Purchase of Shah Alam Land, details of which are set out in Section VII(4) of this Prospectus	3,528
• Software development expenditure	80
• Purchase of plant and machinery	370
	3,978

	RM'000
Authorised but not contracted for:-	
• Construction of office, warehouse and factory buildings	8,000
• Purchase of plant and machinery and testing equipment and apparatus	1,630
• Research and development expenditure	2,000
• Acquisition of industrial land by DJ, details of which are set out in Section IX(5)(iv)(a) of this Prospectus	1,000
	12,630

3. CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEARS ENDING 31 OCTOBER 2000 AND 2001 RESPECTIVELY

Moore Stephens

The Directors of Octagon Consolidated Berhad ("OCB") estimate and forecast that, in the absence of unforeseen circumstances, the consolidated profit of OCB and its subsidiaries ("Group") for the financial years ending 31 October 2000 and 2001 respectively will be as follows:-

Financial years ending 31 October	**Estimate 2000 RM'000**	**Forecast 2001 RM'000**
Profit before taxation and pre-acquisition profits	11,683	13,910
Pre-acquisition profit #	(7,789)	-
Profit before taxation after pre-acquisition profit	3,894	13,910
Taxation	(1,095)	(3,909)
Profit after taxation and pre-acquisition profits	2,799	10,001
Based on the enlarged issued and paid-up share capital of OCB of 40,000,000 ordinary shares of RM1.00 each		
Gross earnings per share based on the consolidated profit before taxation (sen)	29.21	34.78
Net earnings per share based on consolidated profit after taxation (before netting off pre-acquisition profit) of RM8.397 million (sen)	20.99	25.00
Gross price earnings multiple * (times)	6.85	5.75
Net price earnings multiple * (times)	9.53	8.00

\# *Being pre-acquisition profit before taxation in relation to the acquisitions of Durachem Sdn Bhd ("DCHEM"), Profound Peak Sdn Bhd and Hexagon Portfolio Sdn Bhd which were completed on 30 June 2000.*

* *Based on the issue price of RM2.00 per new ordinary share under the public issue.*

Moore Stephens

The principal bases and assumptions underlying the above consolidated profit estimate and forecast are as follows:-

1. The public issue is expected to be completed by end of October 2000;

2. The proceeds from the rights issue and the public issue will be utilised as follows:-

	RM'000
Part finance of purchase of industrial land	3,310
Construction of office, warehouse and factory buildings	8,000
Purchase of plant and machinery and testing equipment and apparatus	2,000
Research and development expenditure	2,000
Acquisition of Profound Peak Sdn Bhd	599
Repayment of bank borrowings	2,384
Working capital	4,197
Estimated listing expenses	2,000
	24,490

3. On 3 September 2000, a fire occurred at a part of an open store yard of DCHEM. It is assumed that any losses arising from the fire will be adequately covered by the insurance policy of DCHEM and there will be no material financial impact arising therefrom;

4. The subsidiaries of which the results are not included in the estimate and forecast namely, Durachem (KL) Sdn Bhd and Hexagon Portfolio Sdn Bhd, will be non-operational or will not have any material profit and losses during the estimate and forecast years;

5. There will be no significant changes to the prevailing Malaysian and Indonesia, regional and world economic conditions that may directly or indirectly affect the performance of the Group;

6. There will be no significant changes in the prevailing legislation or government regulations in Malaysia and Indonesia including exchange control which will adversely affect the Group's activities or the market in which the Group operates;

7. There will be no significant changes to the prevailing rates and bases of taxation, levies and other duties applicable to the Group;

8. There will be no significant changes in the current structure and principal activities of the Group;

9. There will be no major industrial disputes or any other abnormal circumstances which will adversely affect the Group's operations, business or assets;

10. The exchange rate of Ringgit Malaysia will continue to be pegged against the United States Dollar ("USD") at RM3.80:USD1.00 and there will be no significant fluctuations in the prevailing exchange rates of other foreign currencies against the USD;

Moore Stephens

11. There will be no significant changes in the management structure, accounting and operating policies from those presently adopted by the Group;

12. Inflation rate will not fluctuate significantly from its present level;

13. Existing financing facilities of the Group will remain available at interest rates of between 9.0% and 11.0%. The Group will also be able to obtain additional financing facilities when necessary, at interest rates approximating those currently available to the Group;

14. Capital expenditure programme will be implemented and incurred as scheduled and that there will be no other material acquisitions or disposals of capital assets other than those planned;

15. There will be no shortages in the supply of raw materials and labour that will delay the scheduled operations;

16. Research and development expenditure relates to expenses incurred on training and other expenses for new product development and will be amortised upon commencement of sales of the related products;

17. The timing and quantum of income and costs will be earned and incurred respectively as planned; and

18. There will be no significant changes in the prices of raw materials, labour costs and other overheads of which will adversely affect the performance of the Group.

4. REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEARS ENDING 31 OCTOBER 2000 AND 2001 RESPECTIVELY

(Prepared for inclusion in this Prospectus)

MOORE STEPHENS
Public Accountants

No. 8A, Jalan Sri Semantan Satu, Damansara Heights,
50490 Kuala Lumpur, Malaysia.
Tel: 603-2541888 Fax: 603-2547673

Offices:
Penang, Kuantan, Kemaman,
Kota Kinabalu, Sandakan,
Kuching, Miri & Labuan.

The Board of Directors
OCTAGON CONSOLIDATED BERHAD
2A, Jalan Gambus 33/4
Taman Perindustrian Elite
Section 33, 40350 Shah Alam
Selangor Darul Ehsan

Gentlemen,

CONSOLIDATED PROFIT ESTIMATE AND FORECAST
FOR THE FINANCIAL YEARS ENDING 31 OCTOBER 2000 AND 2001 RESPECTIVELY

We have reviewed the accounting policies and calculations for the consolidated profit estimate and forecast of Octagon Consolidated Berhad ("OCB") and its subsidiaries ("Group"), for which the Directors of OCB are solely responsible, for the financial years ending 31 October 2000 and 2001 respectively as set out in the Prospectus to be dated 18 September 2000, in connection with the public issue of 9,670,000 new ordinary shares of RM1.00 each at an issue price of RM2.00 per new ordinary share and the admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of OCB on the Second Board of the Kuala Lumpur Stock Exchange.

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

Yours faithfully,

Moore Stephens

MOORE STEPHENS
Public Accountants
(AF.0282)

AU TAI WEE
1551/11/00 (J)
Partner

Dated: 8 September 2000

5. DIVIDEND ESTIMATE AND FORECAST FOR THE FINANCIAL YEARS ENDING 31 OCTOBER 2000 AND 2001 RESPECTIVELY

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

Based on the estimate post-acquisition consolidated profit after taxation of RM2.799 million and forecast post-acquisition consolidated profit after taxation of RM10.001 million for the financial years ending 31 October 2000 and 2001 respectively, the Directors of OCB anticipate that, in the absence of unforeseen circumstances, the Company will be in a position to propose a gross dividend of 7 sen per share for the financial year ending 31 October 2000 and 10 sen per share for the financial year ending 31 October 2001 respectively, based on the issued and paid-up share capital of 40,000,000 ordinary shares of RM1.00 each in OCB.

The intended appropriation of the estimate post-acquisition consolidated profit after taxation and forecast post-acquisition consolidated profit after taxation for the financial years ending 31 October 2000 and 2001 respectively will be as follows:-

Financial years ending 31 October	**Estimate 2000 RM'000**	**Forecast 2001 RM'000**
Post-acquisition consolidated profit after taxation	2,799	10,001
Less: Proposed dividend net of taxation at 28%	(2,016)	(2,880)
Post-acquisition consolidated retained profits	783	7,121
Gross dividend per ordinary share	7.00 sen	10.00 sen
Net dividend per ordinary share	5.04 sen	7.20 sen
Gross dividend yield *(based on the issue price of RM2.00 per Issue Share)*	3.50%	5.00%
Net dividend yield *(based on the issue price of RM2.00 per Issue Share)*	2.52%	3.60%
Net dividend cover	1.39 times	3.47 times

6. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2000

Moore Stephens

The proforma consolidated balance sheets of Octagon Consolidated Berhad ("OCB or Company") as set out below are prepared solely for illustrative purposes only to show the effects of the acquisitions of Durachem Sdn Bhd ("DCHEM"), Profound Peak Sdn Bhd ("PP") and Hexagon Portfolio Sdn Bhd ("Hexagon"), the Rights Issue and the Public Issue (details of which are set out in the accompanying Notes to the Proforma Consolidated Balance Sheets), had these transactions been effected on 31 March 2000.

	Company As At 31.03.2000 RM'000	Proforma (I) After Acquisitions RM'000	Proforma (II) After (I) and Rights Issue RM'000	Proforma (III) After (II) and Public Issue RM'000
ASSETS EMPLOYED				
Fixed Assets	-	10,018	10,018	10,018
Other Investment	-	48	48	48
Intangible Assets	604	634	634	35
Current Assets	277	29,342	34,492	52,431
Less: Current Liabilities	582	10,284	10,284	10,284
Net Current (Liabilities)/Assets	(305)	19,058	24,208	42,147
	299	29,758	34,908	52,248
FINANCED BY:-				
Share Capital	300	25,180	30,330	40,000
Reserves	(1)	4,124	4,124	11,794
Shareholders' Funds	299	29,304	34,454	51,794
Deferred And Long Term Liabilities	-	454	454	454
	299	29,758	34,908	52,248
Net tangible (liabilities)/assets	(305)	28,670	33,820	51,759
Net tangible (liabilities)/assets per share (RM)	(1.02)	1.14	1.12	1.29

Moore Stephens

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2000

1. The proforma consolidated balance sheets have been prepared for illustrative purposes only and are based on the audited balance sheets of OCB and the acquiree companies, namely DCHEM, PP and Hexagon, made up to 31 March 2000 using the acquisition method of consolidation.

2. The bases and accounting principles applied for the preparation of the proforma consolidated balance sheets are consistent with those currently adopted in the preparation of OCB's group financial statements.

3. The proforma consolidated balance sheets incorporate, on a proforma basis, the following transactions as if they were effected on 31 March 2000:-

3.1 <u>Proforma (I)</u>

Proforma (I) incorporates the effects of the acquisitions and restructuring in accordance with the following sequence of transactions:-

(i) Payment of special dividend of approximately 47.28% less tax at 28% amounting to RM3,574,000 by DCHEM to its existing shareholders;

(ii) Acquisition by OCB of the entire issued and paid-up share capital of DCHEM comprising 10,500,000 ordinary shares of RM1.00 each for a purchase consideration of RM28,988,789 satisfied by the issuance of 24,880,000 new ordinary shares of RM1.00 each in OCB at an issue price of approximately RM1.17 per new ordinary share;

(iii) Acquisition by OCB from DCHEM of the entire equity interest in PP for a cash consideration of RM598,861; and

(iv) Acquisition by OCB of the entire issued and paid-up share capital of Hexagon comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.

The above transactions are collectively referred to as "Acquisitions".

3.2 <u>Proforma (II)</u>

Proforma (II) incorporates the effects of Proforma (I) and the rights issue of 5,150,000 new ordinary shares of RM1.00 each in OCB at par on the basis of approximately 2.045 new ordinary shares for every 10 existing ordinary shares held after the Acquisitions. ("Rights Issue")

Proceeds from the Rights Issue are assumed to be retained in cash and bank balance.

3.3 <u>Proforma (III)</u>

Proforma (III) incorporates the effects of Proforma (II) and the public issue of 9,670,000 new ordinary shares of RM1.00 each in OCB at an issue price of RM2.00 per new ordinary share ("Public Issue").

In respect of this proforma, total estimated expenses relating to the listing exercise of RM2,000,000 is charged against the share premium account arising from the Public Issue. Proceeds from the Public Issue, after payment for the estimated expenses of the listing exercise, are assumed to be retained in cash and bank balance.

Moore Stephens

4. The movements in share capital are as follows:-

	No. of shares of RM1.00 each '000	Share Capital RM'000
As per OCB's audited accounts at 31 March 2000	300	300
Allotment of new ordinary shares pursuant to the Acquisitions	24,880	24,880
As per Proforma I	25,180	25,180
Allotment of new ordinary shares pursuant to the Rights Issue	5,150	5,150
As per Proforma II	30,330	30,330
Allotment of new ordinary shares pursuant to the Public Issue	9,670	9,670
As per Proforma III	40,000	40,000

5. The movements in reserves are as follows:-

	Share premium RM'000	Reserve on consolidation RM'000	Profit and loss account RM'000	Total reserves RM'000
As per OCB's audited accounts at 31 March 2000	-	-	(1)	(1)
Share premium arising from allotment of new ordinary shares pursuant to the Acquisitions	4,109	-	-	4,109
Reserve on consolidation arising from the Acquisitions	-	16	-	16
As per Proforma I	4,109	16	(1)	4,124
Share premium arising from allotment of new ordinary shares pursuant to the Rights Issue	-	-	-	-
As per Proforma II	4,109	16	(1)	4,124
Share premium arising from allotment of new ordinary shares pursuant to the Public Issue	9,670	-	-	9,670
Estimated expenses relating to the listing exercise charged against share premium account	(2,000)	-	-	(2,000)
As per Proforma III	11,779	16	(1)	11,794

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2000

(Prepared for inclusion in this Prospectus)

MOORE STEPHENS
Public Accountants

No. 8A, Jalan Sri Semantan Satu, Damansara Heights,
50490 Kuala Lumpur, Malaysia.
Tel: 603-2541888 Fax: 603-2547673

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The Board of Directors
OCTAGON CONSOLIDATED BERHAD
2A, Jalan Gambus 33/4
Taman Perindustrian Elite
Section 33, 40350 Shah Alam
Selangor Darul Ehsan

Gentlemen,

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2000

We have reviewed the proforma consolidated balance sheets of Octagon Consolidated Berhad ("OCB") and its subsidiaries as at 31 March 2000 together with the notes thereto, for which the Directors of OCB are solely responsible as set out in the Prospectus to be dated 18 September 2000, in connection with the public issue of 9,670,000 new ordinary shares of RM1.00 each at an issue price of RM2.00 per new ordinary share and the admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of OCB on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the proforma consolidated balance sheets, which are prepared for illustrative purposes only, have been prepared in accordance with the bases set out in the notes to the proforma consolidated balance sheets.

Yours faithfully,

Moore Stephens

MOORE STEPHENS
Public Accountants
(AF.0282)

AU TAI WEE
1551/11/00 (J)
Partner

Dated: 8 September 2000