

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
19 December 2000

## 4 GROUP STRUCTURE (continued)

## (iv) WMSB

WMSB was incorporated in Malaysia on 26 March 1997 under the Companies Act, 1965 as a private limited company. Its principal activity is trading of HDPE products and the provision of specialised installation services. The first set of financial statements was for the financial period ended 31 March 1998.

## (a) Authorised share capital

The authorised share capital of WMSB since the date of incorporation and up to 30 June 2000 is RM1,000,000

## (b) Issued and paid-up share capital

The issued and paid-up share capital of WMSB was increased from RM2 from the date of incorporation to RM500,000 as at 30 June 2000. The changes in the issued and paid-up share capital of WMSB are as follows:

<u>Date of allotment</u>	<u>Number of ordinary shares of RM1 each issued</u>	<u>Consideration</u>	<u>Resultant total</u> RM
Date of incorporation 1 April 1997	2 499,998	Subscribers' shares At par for cash	2 500,000

## (v) Weidaya

Weidaya was incorporated in Malaysia on 1 August 1996 under the Companies Act, 1965 as a private limited company. Its principal activity is trading of HDPE septic tanks and the provision of specialised installation services. The first set of financial statements was for the financial period ended 31 March 1997.

## (a) Authorised share capital

The authorised share capital of Weidaya since the date of incorporation up to 30 June 2000 is RM500,000.

## (b) Issued and paid-up share capital

The issued and paid-up share capital of Weidaya was increased from RM2 from the date of incorporation to RM500,000 as at 30 June 2000. The changes in the issued and paid-up share capital of Weidaya are as follows:

<u>Date of allotment</u>	<u>Number of ordinary shares of RM1 each issued</u>	<u>Consideration</u>	<u>Resultant total</u> RM
Date of incorporation 6 November 1996	2 99,998	Subscribers' shares At par for cash	2 100,000
25 February 1997	400,000	At par for cash	500,000

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
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## 4 GROUP STRUCTURE (continued)

## (vi) WETSB

WETSB was incorporated in Malaysia on 12 September 1996 under the Companies Act, 1965 as a private limited company. Its principal activity is providing sewage treatment services comprising the design, construction, commissioning and maintenance of sewage systems. The first set of financial statements was for the financial period ended 31 March 1997.

## (a) Authorised share capital

The authorised share capital of WETSB since the date of incorporation and up to 30 June 2000 is RM100,000.

## (b) Issued and paid-up share capital

The issued and paid-up share capital of WETSB was increased from RM3 from the date of incorporation to RM100,000 as at 30 June 2000. The changes in the issued and paid-up share capital of WETSB are as follows:

<u>Date of allotment</u>	<u>Number of ordinary shares of RM1 each issued</u>	<u>Consideration</u>	<u>Resultant total RM</u>
Date of incorporation	3	Subscribers' shares	3
4 April 1997	99,997	At par for cash	100,000

## (vii) Saruwas

Saruwas was incorporated in Malaysia on 8 September 1995 under the Companies Act, 1965 as a private limited company. Its principal activity is providing consultancy services, including survey, design and project management services. The first set of financial statements was for the financial period ended 31 March 1996.

## (a) Authorised share capital

The authorised share capital of Saruwas since the date of incorporation and up to 30 June 2000 is RM500,000.

## (b) Issued and paid-up share capital

The issued and paid-up share capital of Saruwas was increased from RM2 from the date of incorporation to RM200,000 as at 30 June 2000. The changes in the issued and paid-up share capital of Saruwas are as follows:

<u>Date of allotment</u>	<u>Number of ordinary shares of RM1 each issued</u>	<u>Consideration</u>	<u>Resultant total RM</u>
Date of incorporation	2	Subscribers' shares	2
21 August 1996	199,998	At par for cash	200,000

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The Board of Directors  
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5 AUDITORS AND AUDIT REPORTS

(a) **Weida**

We are the auditors of Weida for the period ended 30 June 2000. The financial statements of Weida relevant to this report were audited and reported on without qualification.

(b) **WIISB**

We are the auditors of WIISB for the three (3) month period ended 30 June 2000 and financial years ended 31 March 1999 and 2000. The audited financial statements of WIISB for the financial years 31 March 1996, 1997 and 1998 were audited by Price Waterhouse. The financial statements of WIISB for all the financial years relevant to this report were audited and reported on without any qualification.

(c) **WRSB**

We are the auditors of WRSB for the financial years ended 30 June 1999 and 2000. The audited financial statements of WRSB for the financial years ended 30 June 1996, 1997 and 1998 were audited by Price Waterhouse. The financial statements of WRSB for all the financial years relevant to this report were audited and reported on without any qualification.

(d) **WHSB**

We are the auditors of WHSB for the three (3) month period ended 30 June 2000 and financial years ended 31 March 1999 and 2000. The audited financial statements of WHSB for the financial period/year ended 31 March 1997 and 1998 were audited by Price Waterhouse. The financial statements of WHSB for all the financial period/years relevant to this report were audited and reported on without any qualification.

(e) **WMSB**

We are the auditors of WMSB for the three (3) month period ended 30 June 2000 and financial years ended 31 March 1999 and 2000. The audited financial statements of WMSB for the financial period ended 31 March 1998 were audited by Price Waterhouse. The financial statements of WMSB for all the financial period/years relevant to this report were audited and reported on without any qualification.

(f) **Weidaya**

We are the auditors of Weidaya for the three (3) month period ended 30 June 2000 and financial years ended 31 March 1999 and 2000. The audited financial statements of Weidaya for the financial period/year ended 31 March 1997 and 1998 were audited by Price Waterhouse. The financial statements of Weidaya for all the financial period/years relevant to this report were audited and reported on without any qualification.

(g) **WETSB**

We are the auditors of WETSB for the three (3) month period ended 30 June 2000 and financial years ended 31 March 1999 and 2000. The audited financial statements of WETSB for the financial period/year ended 31 March 1997 and 1998 were audited by Price Waterhouse. The financial statements of WETSB for all the financial period/years relevant to this report were audited and reported on without any qualification.

(h) **Saruwas**

We are the auditors of Saruwas for the three (3) month period ended 30 June 2000 and financial years ended 31 March 1999 and 2000. The audited financial statements of Saruwas for the financial periods ended 31 December 1996 and 31 March 1998 were audited by another firm of auditors and Price Waterhouse respectively. The financial statements of Saruwas for all the financial periods/years relevant to this report were audited and reported on without any qualification.

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6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) **Consolidation**

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the period/financial year. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated from the date of acquisition up to the date of disposal. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated.

(b) **Goodwill/reserve on consolidation**

Goodwill/reserve on consolidation represents the difference between the fair value of purchase consideration of subsidiary companies acquired over the Group's share of the fair values of their separable net assets at the date of acquisition. Goodwill or reserve arising on consolidation is amortised or credited to the income statements over the period of 25 years.

The carrying amount of goodwill is reviewed annually and written down for permanent impairment where it is considered necessary.

(c) **Investment in subsidiary companies**

Investment in subsidiary companies is shown at cost and provision is only made where, in the opinion of the Directors, there is a permanent diminution in value. Permanent diminution in the value of an investment is recognised as an expense in the period in which the diminution is identified.

(d) **Investment in associated company**

Investment in associated company is stated at cost and provision is only made where, in the opinion of the Directors, there is a permanent diminution in value. Permanent diminution in value of an investment is recognised as an expense in the period in which the diminution is identified. An associated company is a company which the Company exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associated company but is not control over those policies.

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
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## 6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## (e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Freehold land is not amortised as it is deemed to have an indefinite life. The cost of leasehold land is amortised in equal instalments over the periods of the respective leases that range from 41 to 60 years.

Other property, plant and equipment is depreciated on a straight line basis to write off the cost of each asset over their estimated useful lives at the following annual rates:

Long term leasehold land and buildings	2%
Buildings	2%
Plant, machinery and moulds	10% - 33 <sup>1</sup> / <sub>3</sub> %
Office equipment, furniture and fittings	10% - 20%
Equipment and tools	12% - 20%
Electrical installation and renovation	10%-15%
Motor vehicles	20%
Infrastructure	5%
Renovation	10% - 20%
Signboard	20%

Depreciation on capital work-in-progress commences when the property, plant and equipment are ready for their intended use.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit from operations.

## (f) Properties held for resale

Properties held for resale are stated at lower of cost and net realisable value.

## (g) Inventories and work-in-progress

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method.

Cost of finished goods includes where relevant, appropriate proportion of production overheads and is determined on the weighted-average basis while cost of raw materials is determined using first in, first out method.

Work-in-progress is stated at cost less progress billings received and receivable. Cost of work-in-progress includes cost of goods delivered and where relevant, appropriate proportion of installation charges. Provision is made for anticipated loss.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
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## 6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## (h) Contract work-in-progress

The profit on a construction contract is recognised as soon as it can be estimated reliably. The Group uses the percentage of completion method to determine the appropriate amount to recognise in a given period.

A loss is recognised as soon as the loss is foreseen. The full amount of the anticipated loss, including any loss related to future work on the contract, is recognised in the period in which the loss is identified.

Contract work-in-progress is stated at cost and consists of contract costs and attributable profits less provision for foreseeable losses and progress billings received and receivable.

## (i) Preliminary and pre-operating expenses

Preliminary and pre-operating expenses are charged to the income statement when incurred.

## (j) Deferred taxation

Provision is made using the liability method in respect of timing differences between accounting and taxable profits. Debit balances in the deferred taxation account are not recognised unless there is reasonable certainty of its realisation in the foreseeable future.

## (k) Foreign currencies

Foreign currency transactions are accounted for at exchange rates ruling at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at balance sheet date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The principal closing rates used in translation of foreign currency amounts were as follows:

Foreign currency

	<u>As at 31 March</u>					<u>As at</u>
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>30 June 2000</u>
1 USD	1.822	2.491	3.767	3.826	3.826	3.826
	<u>As at 30 June</u>					<u>2000</u>
1 USD	2.513	2.538	4.128	3.826	3.826	3.826
100 LIRE	0.197	0.178	0.273	0.207	0.207	0.191

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6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Hire purchase and finance lease creditors

Leases of assets where the Company assumes substantially all the benefits and risks of ownership are classified as finance leases.

Property, plant and equipment acquired under hire purchase agreements are capitalised and depreciated and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statement over the hire purchase periods to give a constant period rate of interest on the remaining liabilities.

The property, plant and equipment acquired under hire purchase and finance lease contracts is depreciated over the useful life of the asset.

(m) Provisions

Estimated liability on all projects still under warranty at the balance sheet date is recognised in the period in which the provision is made.

(n) Trade debtors

Trade debtors are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debtors based on a review of all outstanding amounts at the period end.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, bank overdrafts, fixed deposits with licensed banks and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value except for fixed deposits pledged for banking facilities.

(p) Revenue recognition

Revenue from the sale of products is recognised upon delivery of goods and acknowledgement of acceptance by customers, net of sales taxes and discounts.

Revenue from the sale of sewage treatment system is recognised upon completion of installation and commissioning of the sewage treatment system.

Revenue relating to construction contracts are accounted for under the percentage of completion method. Foreseeable losses on contracts are provided in full.

Management fee is recognised upon certification of services rendered.

Interest income is recognised based on accrual basis unless collectability is in doubt.

Dividend income is recognised when the shareholders' right to receive payment is established.

7 BASIS OF PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The financial statements of the subsidiary companies have been presented individually as the Weida Group has not been established as at 30 June 2000. The Director of Weida are of the opinion that the financial statements were not significantly affected by transactions and balances between the companies to which they relate, except to the extent stated in the notes to their respective financial statements and an unrealised profit of RM155,000 arising from related party transactions during the three month period ended 30 June 2000 in respect of WETSB.

## 13. ACCOUNTANT'S REPORT (Cont'd)



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## 8 FINANCIAL STATEMENTS

## 8.1 Weida

## 8.1.1 Income statements of Weida

The summarised audited income statements of Weida for the financial period from 3 February 2000 (date of incorporation) to 31 March 2000 and three (3) month period ended 30 June 2000 are as follows:

	<u>Note</u>	Financial period from 3 February 2000 (date of incorporation) to 31 March 2000 RM'000	3 month period ended 30 June 2000 RM'000
Revenue		-	-
Operating expenses		(49)	(28)
Loss from operations	C	(49)	(28)
Tax	D	-	-
Loss after tax		(49)	(28)
Loss per share - basic	E	(24)	(14)
Gross dividend rate (%)		-	-



## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
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## 8.1 Weida (continued)

## 8.1.2 Balance sheets of Weida

The summarised audited balance sheets of Weida as at 31 March 2000 and 30 June 2000 are as follows:

	<u>Note</u>	<u>31 March 2000</u> RM'000	<u>As at</u> <u>30 June 2000</u> RM'000
<b>Intangible asset</b>			
Deferred expenditure	F	253	385
		<u>          </u>	<u>          </u>
<b>Current assets</b>			
Other debtor		-	11
Cash in hand		-*	-*
		<u>          </u>	<u>          </u>
		-*	11
		<u>          </u>	<u>          </u>
<b>Current liability</b>			
Other creditor		302	473
		<u>          </u>	<u>          </u>
		302	473
		<u>          </u>	<u>          </u>
<b>Net current liability</b>		(302)	(462)
		<u>          </u>	<u>          </u>
		(49)	(77)
		<u>          </u>	<u>          </u>
<b>Capital and reserves</b>			
Share capital	G	-*	-*
Accumulated loss		(49)	(77)
		<u>          </u>	<u>          </u>
Shareholders' equity		(49)	(77)
		<u>          </u>	<u>          </u>

\* RM2

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
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## 8.1 Weida (continued)

## 8.1.3 Statements of changes in equity of Weida

The summarised audited statements of changes in equity of Weida are as follows:

	Issued and fully paid ordinary shares of RM1 each		Distributable Accumulated loss RM'000	Total RM'000
	Number of shares '000	Nominal value RM'000		
At 3 February 2000 (date of incorporation)	- *	- **	-	- **
Net loss for the financial period	-	-	(49)	(49)
At 31 March 2000	- *	- **	(49)	(49)
Net loss for the period	-	-	(28)	(28)
	- *	- **	(77)	(77)

## 8.1.4 Cash flow statement of Weida

The audited cash flow statement of Weida for the three (3) month period ended 30 June 2000 is as follows:

	3 month period ended 30 June 2000 RM'000
<b>Operating activities</b>	
Loss before tax	(28)
(Increase)/decrease in working capital:	
Debtors	(11)
Creditors	171
Payment of deferred expenditure	(132)
Net cash flow from operating activities	-
<b>Financing activities</b>	
Proceeds from issuance of shares	**
Net cash flow from financing activities	**
<b>Net change in cash</b>	-
<b>Cash in hand at beginning of the period</b>	**
<b>Cash in hand at end of the period</b>	**

\* 2

\*\* RM2

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
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## 8.1 Weida (continued)

## 8.1.5 Notes to the financial statements of Weida

## A General information

The principal activity of the Company is that of investment holding.

There is no employee at the end of the period.

The Company is a public limited company and is incorporated and domiciled in Malaysia.

The address of the registered office and principal place of business of the Company is as follows:

187, Lorong Datuk Abang Abdul Rahim 7, 93450 Kuching, Sarawak, Malaysia.

## B Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention and comply with the applicable approved accounting standards in Malaysia.

## C Loss from operations

The following items have been charged in arriving at loss from operations:

	Financial period from 3 February 2000 (date of incorporation) to 31 March 2000 RM'000	3 month period ended 30 June 2000 RM'000
Auditors' remuneration	1	-
Preliminary and pre-operating expenses written off	49	28
	<u>          </u>	<u>          </u>

## D Tax

There is no tax charge as there is no taxable income during the period.

## E Loss per share

The loss per share has been calculated based on the Company's loss after tax and on the number of ordinary shares in issue during the period of 2 shares.

## 13. ACCOUNTANT'S REPORT (Cont'd)



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## 8.1 Weida (continued)

## 8.1.5 Notes to the financial statements of Weida (continued)

## F Deferred expenditure

Deferred expenditure represents share issue expenses incurred in connection with the public issue of 6,100,000 ordinary shares of RM1 each, and their subsequent quotation on the Second Board of Kuala Lumpur Stock Exchange.

These expenses will be written off against the share premium arising from the public issue of shares.

## G Share capital

	<u>31 March 2000</u>	<u>As at 30 June 2000</u>
	RM'000	RM'000
Authorised:		
Ordinary shares of RM1 each		
At date of incorporation/period	<u>100</u>	<u>100</u>

## 13. ACCOUNTANT'S REPORT (Cont'd)



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## 8.2 WIISB

## 8.2.1 Income statements of WIISB

The summarised audited income statements of WIISB for the past five (5) financial years ended 31 March 1996 to 2000 and three (3) month period ended 30 June 2000 are as follows:

	Note	Financial years ended 31 March					3 month
		1996	1997	1998	1999	2000	period ended
		RM'000	RM'000	RM'000	RM'000	RM'000	30 June 2000
							RM'000
Revenue	C	9,596	13,457	23,254	26,659	31,674	7,900
Other operating income		18	9	70	2,203	61	203
Changes in inventories		535	316	2,673	524	1,794	376
Raw materials and consumables used		(3,622)	(5,302)	(14,952)	(13,629)	(17,624)	(4,159)
Staff cost		(737)	(1,235)	(2,606)	(2,810)	(3,790)	(1,074)
Depreciation		(308)	(453)	(1,640)	(2,265)	(2,732)	(703)
Other operating expenses		(1,559)	(1,799)	(3,554)	(3,956)	(3,690)	(1,194)
Profit from operations	D	3,923	4,993	3,245	6,726	5,693	1,349
Finance cost	E	(30)	(225)	(1,101)	(1,801)	(1,755)	(398)
Profit before tax		3,893	4,768	2,144	4,925	3,938	951
Tax	F	(855)*	(1,158)*	(320)*	(230)*	-*	-*
Net profit from ordinary activities		3,038	3,610	1,824	4,695	3,938	951
Weighted average number of ordinary shares in issue ('000 units)		350	500	3,000	3,000	3,000	3,000
Earnings per share (sen) - basic	G	868	722	61	157	131	32
Gross dividend rate (%)	U	771	-	-	-	83	-

\* Adjusted

## 13. ACCOUNTANT'S REPORT (Cont'd)



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## 8.2 WIISB (continued)

## 8.2.2 Balance sheets of WIISB

The audited summarised balance sheets of WIISB for the past five (5) financial years as at 31 March 1996 to 2000 and 30 June 2000 are as follows:

	Note	As at 31 March					As at
		1996	1997	1998	1999	2000	30 June 2000
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Non current assets</b>							
Property, plant and equipment	H	3,230	9,374	27,728	33,028	33,191	32,818
Investment in associated company	I	-	-	40	40	40	40
<b>Current assets</b>							
Inventories	J	1,494	2,079	8,911	7,585	11,360	11,669
Debtors, deposits and prepayments	K	3,668	3,553	2,882	5,708	5,485	5,637
Deposits, bank and cash balances	L	41	2,319	604	1,438	1,325	1,779
		<u>5,203</u>	<u>7,951</u>	<u>12,397</u>	<u>14,731</u>	<u>18,170</u>	<u>19,085</u>
<b>Current liabilities</b>							
Creditors and accruals	M	702	1,323	4,610	7,939	7,193	10,187
Tax	N	2,016*	3,174*	2,052*	1,506*	817*	503*
Dividend payable		1,890	-	-	-	2,500	2,500
Borrowings	O	146	600	6,742	7,036	9,340	8,460
Bank overdrafts (secured)	P	1,461	-	9,308	4,229	5,867	5,242
		<u>6,215</u>	<u>5,097</u>	<u>22,712</u>	<u>20,710</u>	<u>25,717</u>	<u>26,892</u>
<b>Net current (liabilities)/assets</b>		<u>(1,012)</u>	<u>2,854</u>	<u>(10,315)</u>	<u>(5,979)</u>	<u>(7,547)</u>	<u>(7,807)</u>
		<u>2,218</u>	<u>12,228</u>	<u>17,453</u>	<u>27,089</u>	<u>25,684</u>	<u>25,051</u>
<b>Capital and reserves</b>							
Share capital	Q	350	3,000	3,000	3,000	3,000	3,000
Share premium	R	-	150	150	150	150	150
Retained earnings	S	1,401*	5,011*	6,835*	11,530*	12,968*	13,919*
Shareholders' equity		<u>1,751</u>	<u>8,161</u>	<u>9,985</u>	<u>14,680</u>	<u>16,118</u>	<u>17,069</u>
<b>Non current liabilities</b>							
Deferred taxation	T	-*	-*	313*	543*	543*	543*
Borrowings	O	467	4,067	7,155	11,866	9,023	7,439
		<u>2,218</u>	<u>12,228</u>	<u>17,453</u>	<u>27,089</u>	<u>25,684</u>	<u>25,051</u>

\* Adjusted

## 13. ACCOUNTANT'S REPORT (Cont'd)



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## 8.2 WHISB (continued)

## 8.2.3 Statements of changes in equity of WHISB

The audited summarised statements of changes in equity of WHISB for the past five (5) financial years ended 31 March 1996 to 2000 and three (3) month period ended 30 June 2000 are as follows:

	Note	Issued and fully paid ordinary shares of RM1 each		Non distributable Share premium RM'000	Distributable		Total RM'000
		Number of shares '000	Nominal value RM'000		Retained earnings RM'000		
At 1 April 1995		350	350	-	253	603	
Net profit for the financial year		-	-	-	3,038	3,038	
Dividends	U	-	-	-	(1,890)	(1,890)	
At 31 March 1996		350	350	-	1,401	1,751	
Issued during the financial year at premium		2,650	2,650	150	-	2,800	
Net profit for the financial year		-	-	-	3,610	3,610	
At 31 March 1997		3,000	3,000	150	5,011	8,161	
Net profit for the financial year		-	-	-	1,824	1,824	
At 31 March 1998		3,000	3,000	150	6,835	9,985	
Net profit for the financial year		-	-	-	4,695	4,695	
At 31 March 1999		3,000	3,000	150	11,530	14,680	
Net profit for the financial year		-	-	-	3,938	3,938	
Dividends	U	-	-	-	(2,500)	(2,500)	
At 31 March 2000		3,000	3,000	150	12,968	16,118	
Net profit for the period		-	-	-	951	951	
At 30 June 2000		3,000	3,000	150	13,919	17,069	

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.2 WIISB (continued)

## 8.2.4 Cash flow statement of WIISB

The audited cash flow statement of WIISB for the three (3) month period ended 30 June 2000 is as follows:

	Note	3 month period ended 30 June 2000 RM'000
<b>Operating activities</b>		
Profit before tax		951
Adjustments for:		
Depreciation of property, plant and equipment		703
Gain on disposal of property, plant and equipment		(181)
Interest expenses		398
Interest income		(4)
		<u>1,867</u>
(Increase)/decrease in working capital:		
Inventories		(309)
Debtors		(152)
Creditors		2,994
		<u>4,400</u>
Interest paid		(308)
Interest received		4
Tax paid		(314)
		<u>3,782</u>
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment		336
Purchase of property, plant and equipment		(485)
Net placement of fixed deposits		(374)
		<u>(523)</u>
<b>Financing activities</b>		
Repayments of term loans		(1,358)
Repayments of hire purchase and finance lease		(451)
Net of drawdown and repayment of bankers acceptance		(745)
		<u>(2,554)</u>
<b>Increase in cash and cash equivalents</b>		705
<b>Cash and cash equivalents at beginning of the period</b>		(5,047)
<b>Cash and cash equivalents at end of the period</b>	V	<u>(4,342)</u>



## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.2 WIISB (continued)

## 8.2.5 Notes to the financial statements of WIISB

## A General information

The principal activity of the Company consists of the manufacturing of HDPE products.

The number of employees at the end of each financial year/period is as follows:

	<u>As at 31 March</u>					<u>As at</u>
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>30 June 2000</u>
Number of employees	89	123	190	292	272	278

The Company is a private limited company and is incorporated and domiciled in Malaysia.

The address of the registered office and principal place of business of the Company are as follows:

Registered office

Lot 186-188, Lorong Datuk Abang Abdul Rahim 7, 93450 Kuching, Sarawak, Malaysia.

Principal place of business

Lot 472, Block 8, MTL D, Sejangkat Industrial Park, Jalan Bako, Petra Jaya, P.O.Box 1809, 93736 Kuching, Sarawak, Malaysia.

Lot 57, SEDCO Light Industrial Estate, Lok Kawi, P. O. Box 21276, 88770 Luyang, Kota Kinabalu, Sabah, Malaysia.

Lot 109, Jalan AM 2, Arab Malaysian Industry Park, 71800 Nilai, Negeri Sembilan, Malaysia.

## B Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention and comply with the applicable approved accounting standards in Malaysia.

## C Revenue

Revenue represents the invoiced value of goods sold less sales returns, net of sales taxes and discounts.

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.2 WIISB (continued)

## 8.2.5 Notes to the financial statements of WIISB (continued)

## D Profit from operations

The following items have been charged/(credited) in arriving at profit from operations:

	Financial years ended 31 March					3 month
	1996	1997	1998	1999	2000	period ended 30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Directors' remuneration						
- emoluments	42	55	161	147	237	60
Auditors' remuneration	16	20	25	28	28	-
Rental of buildings	88	31	170	104	45	22
Property, plant and equipment written off	-	-	59	213	41	-
Hire of equipment	16	-	-	-	-	-
Tax penalty	-	-	-	517	-	-
Cost of inventories recognised as expense	5,169	7,649	17,796	20,270	24,130	5,790
Provision for slow moving inventories	-	-	-	113	-	152
Loss on foreign exchange						
- realised	-	-	838	68	2	-
- unrealised	-	-	95	-	-	-
Gain on foreign exchange						
- realised	-	-	-	(61)	(9)	(3)
Rental income	(17)	(4)	-	(1)	(2)	(10)
Interest income	-	(3)	(40)	(36)	(14)	(4)
Loss/(gain) on disposal of property, plant and equipment	-	-	8	(26)	(1)	(181)
Waiver of advances by a shareholder	-	-	-	(1,343)	-	-

## E Finance cost

	Financial years ended 31 March					3 month
	1996	1997	1998	1999	2000	period ended 30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest expenses from:						
Term loans	-	47	443	601	804	194
Hire purchase and finance lease	29	172	353	593	445	90
Bank overdrafts	1	6	210	356	174	70
Bankers' acceptance/trust receipts	-	-	95	171	292	40
Others	-	-	-	80	40	4
	30	225	1,101	1,801	1,755	398

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.2 WIISB (continued)

## 8.2.5 Notes to the financial statements of WIISB (continued)

## F Tax

	Financial years ended 31 March					3 month
	1996	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current tax	759	1,111	15	-	-	-
Under provision in prior years	-	132	-	795	39	-
Deferred taxation	40	78	524	230	(310)	(77)
<b>Tax charge per audited financial statements</b>	<b>799</b>	<b>1,321</b>	<b>539</b>	<b>1,025</b>	<b>(271)</b>	<b>(77)</b>
Adjustments for:						
- under/(over) provision in prior years	96	(85)	(8)	(795)	(39)	-
- deferred taxation	(40)	(78)	(211)	-	310	77
<b>As adjusted</b>	<b>855</b>	<b>1,158</b>	<b>320</b>	<b>230</b>	<b>-</b>	<b>-</b>

The under provision for tax in 1999 is in respect of the years of assessment 1992 to 1996.

The effective tax rates for the financial years ended 31 March 1996, 1997, 1998 and 2000 and 3 month period ended 30 June 2000 are lower than the statutory tax rates due to the tax savings arising from the availability of reinvestment allowances on qualifying expenditure incurred for the expansion of the factory production.

No provision has been made for income tax in respect of business income earned by the Company for the financial year ended 31 March 1999 pursuant to Section 8 of the Income Tax (Amendment) Act, 1999. The tax for financial year ended 31 March 1999 is in respect of deferred tax on the timing difference on the excess of capital allowances over depreciation.

The adjustments for under and over provision of tax in prior years were realigned to the relevant financial years while the write back of deferred taxation was realigned to the financial years where the timing differences originated.

## G Earnings per share

The earnings per share has been calculated based on the Company's net profit from ordinary activities and on the weighted average number of ordinary shares in issue during the financial years/period.

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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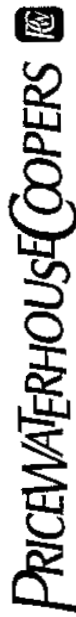
## 8.2 WIISB (continued)

## 8.2.5 Notes to the financial statements of WIISB (continued)

## H Property, plant and equipment

31.3.1996	Freehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Capital work-in-progress RM'000	Plant, machinery and moulds RM'000	Office equipment, furniture and fittings RM'000	Equipment and tools RM'000	Motor vehicles RM'000	Electrical installation and renovation RM'000	Infra-structure RM'000	Total RM'000
As at 1.4.1995	-	-	90	-	606	72	50	83	97	-	998
Additions	-	727	558	-	991	114	161	166	132	-	2,849
Disposals/ written off	-	-	-	-	-	-	-	-	-	-	-
As at 31.3.1996	-	727	648	-	1,597	186	211	249	229	-	3,847
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
As at 1.4.1995	-	-	2	-	190	28	18	31	40	-	309
Charge for the financial year	-	14	14	-	160	19	25	49	27	-	308
Disposals/ written off	-	-	-	-	-	-	-	-	-	-	-
As at 31.3.1996	-	14	16	-	350	47	43	80	67	-	617
Net book value	-	-	-	-	-	-	-	-	-	-	-
As at 31.3.1996	-	713	632	-	1,247	139	168	169	162	-	3,230

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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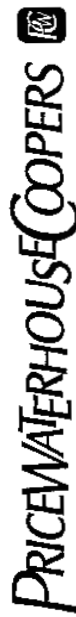
## 8.2 WIISB (continued)

## 8.2.5 Notes to the financial statements of WIISB (continued)

## H Property, plant and equipment (continued)

31.3.1997	Freehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Capital work-in-progress RM'000	Plant, machinery and moulds RM'000	Office equipment, furniture and fittings RM'000	Equipment and tools RM'000	Motor vehicles RM'000	Electrical installation and renovation RM'000	Infra-structure RM'000	Total RM'000
As at 1.4.1996	-	727	648	-	1,597	186	211	249	229	-	3,847
Additions	2,010	851	207	1,211	1,554	220	151	354	43	-	6,601
Disposals/ written off	-	-	-	-	(2)	(4)	-	-	-	-	(6)
Reclassification	-	-	-	(262)	262	-	-	-	-	-	-
As at 31.3.1997	2,010	1,578	855	949	3,411	402	362	603	272	-	10,442
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
As at 1.4.1996	-	14	16	-	350	47	43	80	67	-	617
Charge for the financial year	-	16	22	-	258	30	34	73	20	-	453
Disposals/ written off	-	-	-	-	(2)	-	-	-	-	-	(2)
Reclassification	-	-	-	-	-	-	-	-	-	-	-
As at 31.3.1997	-	30	38	-	606	77	77	153	87	-	1,068
Net book value	2,010	1,548	817	949	2,805	325	285	450	185	-	9,374

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
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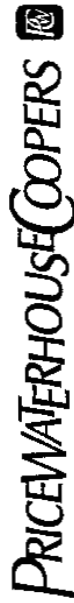
## 8.2 WHSB (continued)

## 8.2.5 Notes to the financial statements of WHSB (continued)

## H Property, plant and equipment (continued)

31.3.1998	Freehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Capital work-in-progress RM'000	Plant, machinery and moulds RM'000	Office equipment, furniture and fittings RM'000	Equipment and tools RM'000	Motor vehicles RM'000	Electrical installation and renovation RM'000	Infra-structure RM'000	Total RM'000
As at 1.4.1997	2,010	1,578	855	949	3,411	402	362	603	272	-	10,442
Additions	264	1,090	6,011	1,743	8,778	325	836	871	5	201	20,124
Disposals/ written off	-	-	-	(1)	(74)	(4)	(23)	(50)	-	-	(152)
Reclassification	-	-	675	(1,365)	580	1	-	-	109	-	-
As at 31.3.1998	2,274	2,668	7,541	1,326	12,695	724	1,175	1,424	386	201	30,414
Accumulated depreciation	-	-	38	-	606	77	77	153	87	-	1,068
Charge for the financial year	-	51	74	-	1,120	65	76	223	30	1	1,640
Disposals/ written off	-	-	-	-	(14)	(2)	(2)	(4)	-	-	(22)
Reclassification	-	4	(10)	-	-	-	-	-	6	-	-
As at 31.3.1998	-	85	102	-	1,712	140	151	372	123	1	2,686
Net book value	2,274	2,583	7,439	1,326	10,983	584	1,024	1,052	263	200	27,728

## 13. ACCOUNTANT'S REPORT (Cont'd)



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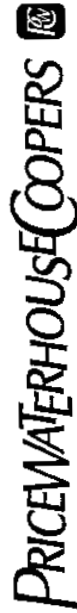
## 8.2 WIISB (continued)

## 8.2.5 Notes to the financial statements of WIISB (continued)

## H Property, plant and equipment (continued)

31.3.1999	Freehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Capital work-in-progress RM'000	Plant, machinery and moulds RM'000	Office equipment, furniture and fittings RM'000	Equipment and tools RM'000	Motor vehicles RM'000	Electrical installation and renovation RM'000	Infra-structure RM'000	Total RM'000
As at 1.4.1998	2,274	2,668	7,541	1,326	12,695	724	1,175	1,424	386	201	30,414
Additions	59	3,844	120	3,725	355	51	102	55	9	20	8,320
Deduction	-	(121)	-	-	-	-	-	-	-	-	(121)
Disposals/ written off	-	-	(103)	-	(315)	(3)	(8)	(310)	(152)	-	(891)
Reclassification	-	-	2,825	(4,635)	1,622	-	(2)	-	-	190	-
As at 31.3.1999	2,333	6,391	10,383	416	14,337	772	1,267	1,169	243	411	37,722
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
As at 1.4.1998	-	85	102	-	1,712	140	151	372	123	1	2,686
Charge for the financial year	-	153	158	-	1,440	83	146	235	36	14	2,265
Disposals/ written off	-	-	(7)	-	(88)	-	(2)	(61)	(99)	-	(257)
Reclassification	-	-	(2)	-	-	-	-	-	-	2	-
As at 31.3.1999	-	238	251	-	3,064	223	295	546	60	17	4,694
Net book value	-	-	-	-	-	-	-	-	-	-	-
As at 31.3.1999	2,333	6,153	10,132	416	11,273	549	972	623	183	394	33,028

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
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## 8.2 WHISB (continued)

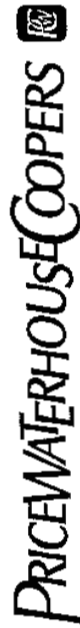
## 8.2.5 Notes to the financial statements of WHISB (continued)

## H Property, plant and equipment (continued)

	Freehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Capital work-in- progress RM'000	Plant, machinery and moulds RM'000	Office equipment, furniture and fittings RM'000	Equipment and tools RM'000	Motor vehicles RM'000	Electrical installation and renovation RM'000	Infra- structure RM'000	Total RM'000
31.3.2000											
Cost	2,333	6,391	10,383	416	14,337	772	1,267	1,169	243	411	37,722
As at 1.4.1999	-	20	401	181	1,121	107	159	139	4	807	2,939
Additions	-	-	-	-	(64)	(4)	(11)	(6)	-	-	(85)
Disposals/ written off	-	(20)	(83)	-	-	-	-	-	-	103	-
Reclassification	-	-	-	-	-	-	-	-	-	-	-
As at 31.3.2000	2,333	6,391	10,701	597	15,394	875	1,415	1,302	247	1,321	40,576
Accumulated depreciation											
As at 1.4.1999	-	238	251	-	3,064	223	295	546	60	17	4,694
Charge for the financial year	-	124	208	-	1,851	92	160	240	20	37	2,732
Disposals/ written off	-	-	-	-	(30)	(2)	(3)	(6)	-	-	(41)
Reclassification	-	-	(5)	-	-	-	-	-	-	5	-
As at 31.3.2000	-	362	454	-	4,885	313	452	780	80	59	7,385
Net book value											
As at 31.3.2000	2,333	6,029	10,247	597	10,509	562	963	522	167	1,262	33,191



## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
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## 8.2 WHSB (continued)

## 8.2.5 Notes to the financial statements of WHSB (continued)

## H Property, plant and equipment (continued)

	Freehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Capital work-in- progress RM'000	Plant, machinery and moulds RM'000	Office equipment, furniture and fittings RM'000	Equipment and tools RM'000	Motor vehicles RM'000	Electrical installation and renovation RM'000	Infra- structure RM'000	Total RM'000
As at 1.4.2000	2,333	6,391	10,701	597	15,394	875	1,415	1,302	247	1,321	40,576
Additions	-	-	33	71	98	41	33	49	-	160	485
Disposals	-	(187)	-	-	-	-	-	-	-	-	(187)
Reclassification	-	-	-	(209)	195	9	5	-	-	-	-
As at 30.6.2000	2,333	6,204	10,734	459	15,687	925	1,453	1,351	247	1,481	40,874
Accumulated depreciation											
As at 1.4.2000	-	362	454	-	4,885	313	452	780	80	59	7,385
Charge for the period	-	30	55	-	471	25	42	58	5	17	703
Disposals	-	(32)	-	-	-	-	-	-	-	-	(32)
As at 30.6.2000	-	360	509	-	5,356	338	494	838	85	76	8,056
Net book value											
As at 30.6.2000	2,333	5,844	10,225	459	10,331	587	959	513	162	1,405	32,818

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
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## 8.2 WIISB (continued)

## 8.2.5 Notes to the financial statements of WIISB (continued)

## H Property, plant and equipment (continued)

Net book value of assets pledged as securities for bank borrowings:

	As at 31 March					As at
	1996	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land	-	2,010	2,274	2,333	2,333	2,333
Short term leasehold land	411	1,548	2,583	6,153	6,029	5,845
Buildings	497	470	989	899	8,672	8,634
	908	4,028	5,846	9,385	17,034	16,812

Net book value of assets under hire purchase and finance lease agreements:

	As at 31 March					As at
	1996	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Plant and machinery	530	1,632	5,478	6,137	4,838	4,894
Equipment and tools	-	25	70	60	-	-
Motor vehicles	99	392	753	416	241	205
	629	2,049	6,301	6,613	5,079	5,099

As at 30 June 2000, the title to a parcel of leasehold land and a parcel of freehold land are in the process of being transferred to the Company.

## I Investment in associated company

	As at 31 March					As at
	1996	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Unquote shares, at cost	-	-	40	40	40	40

Name	Country of incorporation	Effective equity interest						Principal activity
		As at 31 March					As at	
		1996	1997	1998	1999	2000	30 June 2000	
		%	%	%	%	%	%	
Weidasar Sdn. Bhd.	Malaysia	-	-	40	40	40	40	General trading and project management

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
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## 8.2. WIISB (continued)

## 8.2.5 Notes to the financial statements of WIISB (continued)

## I Investment in associated company (continued)

Equity accounting has not been applied as the Company does not present consolidated financial statements. Had equity accounting been adopted for the associated company, the Company's share of (loss)/profit based on the audited financial statements and latest management financial statements of Weidasar Sdn. Bhd., for the financial years ended 31 March 1999 to 2000 and 3 month period ended 30 June 2000, are as follows:

	Financial years ended 31 March					3 month
	1996	1997	1998	1999	2000	period ended 30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Income statement:						
Share of:						
(Loss)/profit before tax	-	-	-	(4)	4	1
Tax	-	-	-	-	-	-
(Loss)/profit after tax	-	-	-	(4)	4	1
As at 31 March						
	1996	1997	1998	1999	2000	As at 30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance sheet:						
Investment, at cost	-	-	40	40	40	40
Share of post-acquisition (losses)/profits	-	-	-	(4)	-	1
	-	-	40	36	40	41

## J Inventories

	As at 31 March					As at
	1996	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Raw materials	538	807	4,966	3,229	5,210	5,296
Finished goods	956	1,272	3,945	4,469	6,263	6,638
Less: Provision for slow moving inventories	-	-	-	(113)	(113)	(265)
	956	1,272	3,945	4,356	6,150	6,373
	1,494	2,079	8,911	7,585	11,360	11,669

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.2 WIISB (continued)

## 8.2.5 Notes to the financial statements of WIISB (continued)

## K Debtors, deposits and prepayments

	As at 31 March					As at
	1996	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade debtors	3,177	2,224	1,918	4,682	5,054	5,282
Other debtors	95	(8)	108	156	98	125
Less: Provision for doubtful debts	-	-	-	-	-	(89)
	95	(8)	108	156	98	36
Deposits	222	1,210	599	501	121	57
Prepayments	39	127	257	369	212	262
Amount due from Directors	135#	-	-	-	-	-
	396	1,337	856	870	333	319
	3,668	3,553	2,882	5,708	5,485	5,637

# The company is an exempt private company as at 31 March 1996 and the amount due from Directors has been fully settled subsequent to financial year end.

Trade debtors include:

Amounts due from companies in which certain Directors have substantial financial interests

- WRSB	3,177	1,647	449	1,274	890	129
- Weidaya	-	-	477	34	330	268
- WETSB	-	577	263	1,458	356	890
- WMSB	-	-	729	1,898	3,478	3,758
	3,177	2,224	1,918	4,664	5,054	5,045

Other debtors include:

Amounts due from companies in which certain Directors have substantial financial interests:

- WMSB*	-	-	-	-	-	9
- Saruwas*	-	-	-	10	-	-
- Other*	-	-	-	-	5	-

These amounts have been fully settled subsequent to financial years/period end.

\* unsecured, interest free and have no fixed terms of repayment

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.2 WIISB (continued)

## 8.2.5 Notes to the financial statements of WIISB (continued)

## L Deposits, bank and cash balances

	As at 31 March					As at
	1996	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	-	-	332	360	928	1,232
Bank and cash balances	41	2,319	272	1,078	397	547
<b>Deposits, bank and cash balances</b>	<b>41</b>	<b>2,319</b>	<b>604</b>	<b>1,438</b>	<b>1,325</b>	<b>1,779</b>

Fixed deposits with licensed banks that are pledged with banks as securities for the Company's banking facilities as stated in Note N and O to the financial statements are as follows:

	As at 31 March					As at
	1996	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed deposits pledged	-	-	63	292	505	879

## M Creditors and accruals

	As at 31 March					As at
	1996	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade creditors	516	1,012	1,980	2,114	2,526	3,433
Other creditors	164	106	546	919	1,022	2,833
Accruals	22	205	557	745	482	410
Amounts due to Directors	-	-	1,527	4,161	3,163	3,511
<b></b>	<b>702</b>	<b>1,323</b>	<b>4,610</b>	<b>7,939</b>	<b>7,193</b>	<b>10,187</b>

Amounts due to Directors are unsecured, interest free and have no fixed terms of repayment except for amounts of RM1,562,700 since end of 31 March 1998 which were due and payable on 31 December 1999, and/or such extended period as may be mutually agreed. As at 30 June 2000, the amounts remained unsettled.

	As at 31 March					As at
	1996	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other creditors include:						
Amount due to companies in which certain Directors have substantial financial interests						
- WHSB*	-	-	-	-	-	1,730
- other*	-	-	-	-	-	4
<b></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,734</b>

\* unsecured, interest free and have no fixed terms of repayment.

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
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## 8.2 WIISB (continued)

## 8.2.5 Notes to the financial statements of WIISB (continued)

## N Tax

	As at 31 March					As at
	1996	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Per audited financial statements	1,089	2,332	1,218	1,467	817	503
Adjustments for:						
- under provision in prior years	927	842	834	39	-	-
	<u>2,016</u>	<u>3,174</u>	<u>2,052</u>	<u>1,506</u>	<u>817</u>	<u>503</u>

## O Borrowings

	As at 31 March					As at
	1996	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Current</b>						
Term loans (secured)	-	178	248	885	1,041	937
Hire purchase and finance lease (secured)	146	422	1,224	1,416	1,387	1,356
Bankers' acceptance (secured)	-	-	466	4,523	6,912	6,167
Trust receipts (secured)	-	-	4,804	212	-	-
	<u>146</u>	<u>600</u>	<u>6,742</u>	<u>7,036</u>	<u>9,340</u>	<u>8,460</u>
<b>Non current</b>						
Term loans (secured)	-	2,511	3,080	7,852	7,210	5,956
Hire purchase and finance lease (secured)	467	1,556	4,075	3,227	1,813	1,483
Long term payable	-	-	-	787	-	-
	<u>467</u>	<u>4,067</u>	<u>7,155</u>	<u>11,866</u>	<u>9,023</u>	<u>7,439</u>

## Term loans (secured)

	As at 31 March					As at
	1996	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term loans are repayable over the following periods:						
- not later than 1 year	-	178	248	885	1,041	937
- later than 1 year and not later than 5 years	-	947	1,200	4,915	4,908	4,512
- later than 5 years	-	1,564	1,880	2,937	2,302	1,444
	<u>-</u>	<u>2,689</u>	<u>3,328</u>	<u>8,737</u>	<u>8,251</u>	<u>6,893</u>
Representing term loans:						
- current	-	178	248	885	1,041	937
- non current	-	2,511	3,080	7,852	7,210	5,956
	<u>-</u>	<u>2,689</u>	<u>3,328</u>	<u>8,737</u>	<u>8,251</u>	<u>6,893</u>

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.2 WIISB (continued)

## 8.2.5 Notes to the financial statements of WIISB (continued)

## O Borrowings (continued)

The term loans as at 30 June 2000 of RM6,893,000 comprise the following:

	RM'000
Term loan I	1,091
Term loan II	437
Term loan III	5,365
	<u>6,893</u>

Term loan I is secured by way of first legal charge over the Company's freehold land and certain leasehold land and a building and are jointly and severally guaranteed by certain Directors of the Company. It is repayable over 96 equal monthly instalments.

Term loan II is secured by way of first legal charge over one of the Company's leasehold land and building and are jointly and severally guaranteed by certain Directors of the Company. It is repayable over 120 equal monthly instalments.

Term loan III is secured by way of first legal charge over one of the Company's leasehold land and building, a bank guarantee of RM849,000 from another financial institution and are jointly and severally guaranteed by certain Directors of the Company. It is repayable over 96 equal monthly instalments.

Interest was incurred during the financial years/period at rates ranging as follows:

	Financial years ended 31 March					3 month
	1996	1997	1998	1999	2000	period ended
	%	%	%	%	%	%
Interest rates (per annum)	-	10.90 to	10.80 to	6.50 to	8.80 to	8.30 to
	-	11.35	14.30	14.30	13.80	9.75

Hire purchase and finance lease creditors (secured)

	As at 31 March					As at
	1996	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Analysis of hire purchase and finance lease commitments:						
- not later than 1 year	188	612	1,779	1,848	1,664	1,594
- later than 1 year and not later than 5 years	188	603	1,732	1,669	1,230	1,065
- later than 5 years	420	1,218	3,067	2,037	758	542
	796	2,433	6,578	5,554	3,652	3,201
Less: Finance charges	(183)	(455)	(1,279)	(911)	(452)	(362)
	613	1,978	5,299	4,643	3,200	2,839

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.2 WIISB (continued)

## 8.2.5 Notes to the financial statements of WIISB (continued)

## O Borrowings (continued)

	As at 31 March					As at
	1996	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Representing hire purchase and finance lease liabilities:						
- current	146	422	1,224	1,416	1,387	1,356
- non current	467	1,556	4,075	3,227	1,813	1,483
	613	1,978	5,299	4,643	3,200	2,839

Bankers' acceptance and trust receipts (secured)

Bankers' acceptance and trust receipts as at 30 June 2000 are secured by way of first legal charge over the Company's freehold land and a building, second legal charge over certain leasehold land, pledge of fixed deposits of RM878,000 and are jointly and severally guaranteed by certain Directors of the Company.

Interest was incurred during the financial years/period at rates ranging as follows:

	Financial years ended 31 March					3 month
	1996	1997	1998	1999	2000	period ended
	%	%	%	%	%	30 June 2000
Interest rates (per annum)	-	-	11.25 to 14.30	9.30 to 13.80	4.80 to 8.00	4.35 to 5.65

Long term payable

Long term payable as at 31 March 1999 represents land premium payable to State Government for acquisition of land for construction of a new factory.

## P Bank overdrafts (secured)

The bank overdrafts as at 30 June 2000 are secured by way of first legal charge over the Company's freehold land, certain leasehold land and buildings, second legal charge over certain leasehold land, pledge of fixed deposits of RM879,000 and are jointly and severally guaranteed by certain Directors of the Company.

Interest was incurred during the financial years/period at rates ranging as follows:

	Financial years ended 31 March					3 month
	1996	1997	1998	1999	2000	period ended
	%	%	%	%	%	30 June 2000
Interest rates (per annum)	9.60 to 10.80	10.90 to 11.40	11.05 to 14.00	10.05 to 14.30	8.55 to 10.05	8.05 to 8.80



## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.2 WIISB (continued)

## 8.2.5 Notes to the financial statements of WIISB (continued)

## Q Share capital

	As at 31 March					As at
	1996	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Authorised:						
Ordinary shares of RM1 each						
At beginning of financial year/period	350	350	10,000	10,000	10,000	10,000
Created during the financial year	-	9,650	-	-	-	-
At end of the financial year/period	350	10,000	10,000	10,000	10,000	10,000

## R Share premium

The share premium was from the issue of 150,000 ordinary shares at a premium of RM1 per share in the financial year 1997.

## S Retained earnings

	As at 31 March					As at
	1996	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Per audited financial statements	2,230	5,677	7,282	11,182	12,891	13,919
Adjustments for:						
- under provision in prior years	(927)	(842)	(834)	(39)	-	-
- deferred taxation	98	176	387	387	77	-
	1,401	5,011	6,835	11,530	12,968	13,919

Details of the adjustments are described in Note F to the financial statements.

Subject to agreement by the tax authorities, the Company has sufficient Section 108 Malaysian tax credit to frank approximately RM4,100,000 of its retained earnings as at 30 June 2000 if paid out as dividends.

Subject to agreement by the tax authorities, pursuant to Section 8 of the Income Tax (Amendment) Act, 1999, the Company has tax exempt account to frank approximately RM11,000 of its retained earnings as at 30 June 2000 if paid out as tax exempt dividends.

In addition, the Company has tax exempt income as at 30 June 2000 accrued from reinvestment allowance, amounting to approximately RM8,300,000 which is available for distribution as tax exempt dividends.

## T Deferred taxation

	As at 31 March					As at
	1996	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Per audited financial statements	98	176	700	930	620	543
Adjustments for:						
- write back of deferred taxation	(98)	(176)	(387)	(387)	(77)	-
	-	-	313	543	543	543

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.2 WIISB (continued)

## 8.2.5 Notes to the financial statements of WIISB (continued)

## U Dividends

	1996		1997		1998		1999		Financial years ended 31 March 2000		3 month period ended 30 June 2000	
	Sen per share	Amount of dividend RM'000	Sen per share	Amount of dividend RM'000	Sen per share	Amount of dividend RM'000	Sen per share	Amount of dividend RM'000	Sen per share	Amount of dividend RM'000	Sen per share	Amount of dividend RM'000
Interim dividend	771	1,890	-	-	-	-	-	-	-	-	-	-
Final dividend	-	-	-	-	-	-	-	-	83	2,500	-	-

Interim dividend in respect of financial year ended 31 March 1996 is less income tax of 30%.

Final dividend in respect of financial year ended 31 March 2000 is tax exempt.

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
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## 8.2 WIISB (continued)

## 8.2.5 Notes to the financial statements of WIISB (continued)

## V Cash and cash equivalents

	As at 30 June 2000 RM'000
Fixed deposits with licensed banks, which are not pledged as securities (Note L)	353
Bank and cash balances	547
Bank overdrafts (secured)	(5,242)
	<u>(4,342)</u>

## W Significant related party disclosures

In the normal course of business, the Company undertakes on agreed terms, transactions with related parties.

The significant related party transactions during the financial years/period are as follows:

	<u>Financial years ended 31 March</u>					3 month period ended
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>30 June 2000</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sales of finished goods to:						
- WRSB*	(9,596)	(12,321)	(17,261)	(17,248)	(20,339)	(4,318)
- Weidaya*	-	(1,136)	(3,316)	(2,432)	(3,083)	(1,022)
- WETSB*	-	-	(208)	(749)	(1,293)	(554)
- WMSB*	-	-	(1,577)	(4,421)	(6,481)	(1,535)
Rental of motor vehicles received/ receivable from:						
- WMSB*	-	-	(17)	(19)	(19)	(5)
- WRSB*	-	-	-	-	-	(5)
Rental paid/payable to:						
- Other*	-	-	-	-	-	11

\* companies in which certain Directors have substantial financial interests

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
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## 8.3 WRSB

## 8.3.1 Income statements of WRSB

The summarised audited income statements of WRSB for the past five (5) financial years ended 30 June 1996 to 2000 are as follows:

	Note	Financial years ended 30 June				
		1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
Revenue	C	22,065	37,273	28,715	28,758	37,570
Other operating income		4	103	290	373	158
Changes in inventories and work-in-progress		239	(238)	277	(79)	182
Purchases of finished goods		(18,442)	(26,493)	(22,523)	(20,413)	(28,260)
Staff cost		(755)	(1,553)	(1,570)	(1,425)	(2,498)
Depreciation		(181)	(270)	(337)	(386)	(384)
Other operating expenses		(1,136)	(2,375)	(3,553)	(3,158)	(3,709)
Profit from operations	D	1,794	6,447	1,299	3,670	3,059
Finance cost	E	(66)	(100)	(94)	(77)	(68)
Profit before tax		1,728	6,347	1,205	3,593	2,991
Tax	F	(547)	(1,940)	(570)	-	(1,017)
Net profit from ordinary activities		1,181	4,407	635	3,593	1,974
Weighted average number of ordinary shares in issue ('000 units)		500	1,000	2,500	2,500	2,500
Earnings per share (sen) - basic	G	236	441	25	144	79
Gross dividend rate (%)	Q	400	-	-	-	60

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
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## 8.3 WRSB (continued)

## 8.3.2 Balance sheets of WRSB

The summarised audited balance sheets of WRSB for the past five (5) financial years as at 30 June 1996 to 2000 are as follows:

	Note	As at 30 June				
		1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
<b>Non current assets</b>						
Property, plant and equipment	H	1,143	1,644	1,465	1,754	1,393
<b>Current assets</b>						
Inventories and work-in-progress	I	1,067	829	1,106	1,027	1,068
Debtors, deposits and prepayments	J	6,345	14,139	11,125	10,990	12,017
Deposits, bank and cash balances	K	22	2,095	1,324	2,966	5,271
		7,434	17,063	13,555	14,983	18,356
<b>Current liabilities</b>						
Creditors and accruals	L	5,404	7,864	3,630	2,449	3,782
Tax		738	2,640	2,941	2,400	2,321
Borrowings (secured)	M	703	535	175	235	193
Dividend payable		-	-	-	-	1,500
Bank overdrafts (secured)	N	688	44	182	-	-
		7,533	11,083	6,928	5,084	7,796
<b>Net current (liabilities)/assets</b>		(99)	5,980	6,627	9,899	10,560
		1,044	7,624	8,092	11,653	11,953
<b>Capital and reserves</b>						
Share capital	O	500	2,500	2,500	2,500	2,500
Retained earnings	P	179	4,586	5,221	8,814	9,288
Shareholders' equity		679	7,086	7,721	11,314	11,788
<b>Non current liabilities</b>						
Deferred taxation		21	21	21	21	21
Borrowings (secured)	M	344	517	350	318	144
		1,044	7,624	8,092	11,653	11,953

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
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## 8.3 WRSB (continued)

## 8.3.3 Statements of changes in equity of WRSB

The summarised audited statements of changes in equity of WRSB for the past five (5) financial years ended 30 June 1996 to 2000 are as follows:

	Note	Issued and fully paid ordinary shares of RM1 each		Distributable Retained earnings RM'000	Total RM'000
		Number of shares '000	Nominal value RM'000		
At 1 July 1995		500	500	398	898
Net profit for the financial year		-	-	1,181	1,181
Dividends	Q	-	-	(1,400)	(1,400)
At 30 June 1996		500	500	179	679
Net profit for the financial year		-	-	4,407	4,407
Rights issue of share capital		2,000	2,000	-	2,000
At 30 June 1997		2,500	2,500	4,586	7,086
Net profit for the financial year		-	-	635	635
At 30 June 1998		2,500	2,500	5,221	7,721
Net profit for the financial year		-	-	3,593	3,593
At 30 June 1999		2,500	2,500	8,814	11,314
Net profit for the financial year		-	-	1,974	1,974
Dividends	Q	-	-	(1,500)	(1,500)
At 30 June 2000		2,500	2,500	9,288	11,788

## 13. ACCOUNTANT'S REPORT (Cont'd)



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## 8.3 WRSB (continued)

## 8.3.4 Cash flow statement of WRSB

The audited cash flow statement of WRSB for the financial year ended 30 June 2000 is as follows:

	Financial year ended
<u>Note</u>	<u>30 June 2000</u>
	RM'000
<b>Operating activities</b>	
Profit before tax	2,991
Adjustments for:	
Depreciation of property, plant and equipment	384
Interest expenses	68
Interest income	(77)
Loss on disposal of property, plant and equipment	7
	<u>3,373</u>
(Increase)/decrease in working capital:	
Inventories and work-in-progress	(41)
Debtors	(1,027)
Creditors	1,333
	<u>3,638</u>
Interest paid	(31)
Interest received	77
Tax paid	(1,096)
	<u>2,588</u>
Net cash flow from operating activities	<u>2,588</u>
<b>Investing activities</b>	
Purchase of property, plant and equipment	(180)
Proceeds from disposal of property, plant and equipment	150
Net withdrawal of fixed deposits	1,748
	<u>1,718</u>
Net cash flow from investing activities	<u>1,718</u>
<b>Financing activities</b>	
Repayments of term loans	(30)
Repayments of hire purchase	(223)
	<u>(253)</u>
Net cash flow from financing activities	<u>(253)</u>
<b>Increase in cash and cash equivalents</b>	<u>4,053</u>
<b>Cash and cash equivalents at beginning of the financial year</b>	<u>1,178</u>
<b>Cash and cash equivalents at end of the financial year</b>	<u>R 5,231</u>

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.3 WRSB (continued)

## 8.3.5 Notes to the financial statements of WRSB

## A General information

The principal activities of the Company are trading of HDPE pipes, fittings, water storage tanks, chemical tanks, solar products, and other specialised technical and engineering products, and the provision of specialised installation services.

The number of employees at the end of each financial year is as follows:

	As at 30 June				
	1996	1997	1998	1999	2000
Number of employees	34	60	58	54	64

The Company is a private limited company and is incorporated and domiciled in Malaysia.

The address of the registered office and principal place of business of the Company are as follows:

Registered office

Lot 186-188, Lorong Datuk Abang Abdul Rahim 7, 93450 Kuching, Sarawak, Malaysia.

Principal place of business

Lot 186-188, Lorong Datuk Abang Abdul Rahim 7, 93450 Kuching, Sarawak, Malaysia.

Lot 2 & 3, 3<sup>rd</sup> Floor, Block A, Damai Point, P. O. Box 21276, 88770 Luyang, Kota Kinabalu, Sabah, Malaysia.

## B Basis of accounting

The financial statements of the Company have been prepared under the historical cost convention and comply with the applicable approved accounting standards in Malaysia.

## C Revenue

Revenue represents the invoiced value of goods sold and services rendered less sales returns and discounts.

## D Profit from operations

The following items have been charged/(credited) in arriving at profit from operations:

	Financial years ended 30 June				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Directors' remuneration					
- fees	184	-	-	-	-
- other emoluments	66	152	205	169	394
Auditors' remuneration	12	20	12	12	12
(Gain)/loss on disposal of property, plant and equipment	(1)	1	(12)	-	7
Provision for doubtful debts	-	-	366	180	379
Cost of inventories recognised as expense	18,755	28,237	24,135	22,702	30,338
Realised (gain)/loss on foreign exchange	(2)	(26)	44	-	(5)
Rental income	(4)	(5)	(6)	(11)	(6)
Rental of building	24	43	61	47	52
Interest income	-	(27)	(114)	(112)	(77)



## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.3 WRSB (continued)

## 8.3.5 Notes to the financial statements of WRSB (continued)

## E Finance cost

	Financial years ended 30 June				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Interest expenses from:					
Term loans	15	24	21	15	8
Bank overdrafts	19	11	9	13	23
Hire purchase	-	44	52	48	37
Others	32	21	12	1	-
	<u>66</u>	<u>100</u>	<u>94</u>	<u>77</u>	<u>68</u>

## F Tax

	Financial years ended 30 June				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Current tax	546	1,940	570	-	1,017
Under provision in prior year	1	-	-	-	-
	<u>547</u>	<u>1,940</u>	<u>570</u>	<u>-</u>	<u>1,017</u>

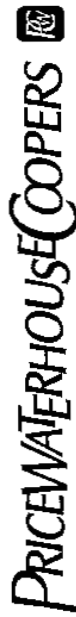
The effective tax rates for financial years ended 30 June 1996, 1997, 1998 and 2000 are higher than the statutory tax rates due to certain expenses being disallowed for tax purposes.

No provision has been made for Malaysia income tax in respect of Malaysia business income earned by the Company for the financial year ended 30 June 1999 pursuant to Section 8 of the Income Tax (Amendment) Act, 1999.

## G Earnings per share

The earnings per share has been calculated based on the Company's net profit from ordinary activities and on the weighted average number of ordinary shares in issue during the financial years.

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.3 WRSB (continued)

## 8.3.5 Notes to the financial statements of WRSB (continued)

## H Property, plant and equipment

1996	Long term leasehold land and building RM'000	Building RM'000	Office equipment and tools RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
<u>Cost</u>							
As at 1.7.1995	399	-	163	85	234	149	1,030
Additions	184	-	61	54	176	12	487
Disposals	-	-	(9)	-	-	-	(9)
Reclassification	(203)	203	-	-	-	-	-
As at 30.6.1996	<u>380</u>	<u>203</u>	<u>215</u>	<u>139</u>	<u>410</u>	<u>161</u>	<u>1,508</u>
<u>Accumulated depreciation</u>							
As at 1.7.1995	19	-	47	25	69	26	186
Charge for the financial year	12	-	43	28	82	16	181
Disposals	-	-	(2)	-	-	-	(2)
Reclassification	(4)	4	-	-	-	-	-
As at 30.6.1996	<u>27</u>	<u>4</u>	<u>88</u>	<u>53</u>	<u>151</u>	<u>42</u>	<u>365</u>
<u>Net book value</u>							
As at 30.6.1996	<u>353</u>	<u>199</u>	<u>127</u>	<u>86</u>	<u>259</u>	<u>119</u>	<u>1,143</u>

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.3 WRSB (continued)

## 8.3.5 Notes to the financial statements of WRSB (continued)

## H Property, plant and equipment (continued)

1997	Long term leasehold land and building RM'000	Building RM'000	Office equipment and tools RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
<u>Cost</u>							
As at 1.7.1996	380	203	215	139	410	161	1,508
Additions	-	-	239	99	392	62	792
Disposals	(1)	-	(14)	(12)	-	(2)	(29)
As at 30.6.1997	379	203	440	226	802	221	2,271
<u>Accumulated depreciation</u>							
As at 1.7.1996	27	4	88	53	151	42	365
Charge for the financial year	8	4	72	41	125	20	270
Disposals	-	-	(4)	(4)	-	-	(8)
As at 30.6.1997	35	8	156	90	276	62	627
<u>Net book value</u>							
As at 30.6.1997	344	195	284	136	526	159	1,644



## 13. ACCOUNTANT'S REPORT (Cont'd)



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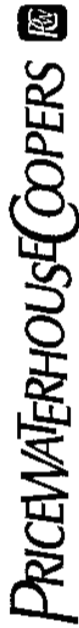
## 8.3 WRSB (continued)

## 8.3.5 Notes to the financial statements of WRSB (continued)

## H Property, plant and equipment (continued)

1999	Long term leasehold land and building RM'000	Building RM'000	Office equipment and tools RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
<u>Cost</u>							
As at 1.7.1998	379	203	545	207	794	253	2,381
Additions	-	-	18	7	650	-	675
Disposals	-	-	-	-	-	-	-
As at 30.6.1999	379	203	563	214	1,444	253	3,056
<u>Accumulated depreciation</u>							
As at 1.7.1998	43	12	245	116	401	99	916
Charge for the financial year	8	4	101	36	212	25	386
Disposals	-	-	-	-	-	-	-
As at 30.6.1999	51	16	346	152	613	124	1,302
<u>Net book value</u>							
As at 30.6.1999	328	187	217	62	831	129	1,754

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.3 WRSB (continued)

## 8.3.5 Notes to the financial statements of WRSB (continued)

## H Property, plant and equipment (continued)

	Long term leasehold land and building RM'000	Building RM'000	Office equipment and tools RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
<u>2000</u>							
<u>Cost</u>							
As at 1.7.1999	379	203	563	214	1,444	253	3,056
Additions	-	-	84	8	18	70	180
Disposals	-	-	-	-	(196)	-	(196)
As at 30.6.2000	379	203	647	222	1,266	323	3,040
<u>Accumulated depreciation</u>							
As at 1.7.1999	51	16	346	152	613	124	1,302
Charge for the financial year	8	4	91	26	228	27	384
Disposals	-	-	-	-	(39)	-	(39)
As at 30.6.2000	59	20	437	178	802	151	1,647
<u>Net book value</u>							
As at 30.6.2000	320	183	210	44	464	172	1,393

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.3 WRSB (continued)

## 8.3.5 Notes to the financial statements of WRSB (continued)

## H Property, plant and equipment (continued)

Net book value of assets pledged as securities for bank borrowings:

	As at 30 June				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Building	199	195	191	187	183
Long term leasehold land and building	-	-	-	328	320
	<u>199</u>	<u>195</u>	<u>191</u>	<u>515</u>	<u>503</u>

Net book value of assets under hire purchase agreements:

	As at 30 June				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Motor vehicles	237	519	392	584	447
Office equipment and tools	-	38	29	19	-
	<u>237</u>	<u>557</u>	<u>421</u>	<u>603</u>	<u>447</u>

Net book value of assets held in trust by a Director and a person connected to a Director amounted to:

	As at 30 June				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Motor vehicles	-	-	-	579	307

## I Inventories and work-in-progress

	As at 30 June				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Finished goods	1,067	829	1,106	1,027	762
Work-in-progress	-	-	-	-	447
Progress billings	-	-	-	-	(141)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>306</u>
	<u>1,067</u>	<u>829</u>	<u>1,106</u>	<u>1,027</u>	<u>1,068</u>

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.3 WRSB (continued)

## 8.3.5 Notes to the financial statements of WRSB (continued)

## J Debtors, deposits and prepayments

	As at 30 June				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade debtors	4,817	13,846	6,407	7,318	11,981
Less: Provision for doubtful debts	-	-	(366)	(546)	(785)
	<u>4,817</u>	<u>13,846</u>	<u>6,041</u>	<u>6,772</u>	<u>11,196</u>
Other debtors	1,513	259	5,054	4,153	861
Less: Provision for doubtful debts	-	-	-	-	(79)
	<u>1,513</u>	<u>259</u>	<u>5,054</u>	<u>4,153</u>	<u>782</u>
Deposits	15	34	30	64	68
Less: Provision for doubtful debts	-	-	-	-	(30)
	<u>15</u>	<u>34</u>	<u>30</u>	<u>64</u>	<u>38</u>
Prepayments	-	-	-	1	1
	<u>6,345</u>	<u>14,139</u>	<u>11,125</u>	<u>10,990</u>	<u>12,017</u>

Trade debtors include:

Amounts due from companies in which certain Directors have substantial financial interests:

- WHSB	-	713	-	601	3,536
- WIISB	-	-	178	-	98
- WMSB	-	-	-	-	56
- Others	-	386	-	-	166

Other debtors include:

Amounts due from companies in which certain Directors have substantial financial interests:

- WHSB*	-	-	-	-	3
- WIISB*	-	39	4,951	4	104
- WMSB*	-	51	13	53	2
- Weidaya*	-	7	-	8	5
- WETSB*	-	-	-	2	2
- Saruwas*	-	21	-	-	-
- Others*	-	-	-	3,900**	-

The amount of RM104,000 has been fully settled subsequent to financial years.

\* unsecured, interest free and have no fixed terms of repayment

\*\* exceptionally high non trade debtors balance as at 30 June 1999 is due to an advance of RM3.9 million made to a third party which was in turn on-advanced to WIISB



## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.3 WRSB (continued)

## 8.3.5 Notes to the financial statements of WRSB (continued)

## K Deposits, bank and cash balances

	As at 30 June				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	-	1,013	1,138	2,192	4,562
Bank and cash balances	22	1,082	186	774	709
<b>Deposits, bank and cash balances</b>	<b>22</b>	<b>2,095</b>	<b>1,324</b>	<b>2,966</b>	<b>5,271</b>

Fixed deposits with licensed banks that are pledged with a bank for a credit facility granted to:

	As at 30 June				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
A third party	-	-	-	-	40
A company in which certain Directors have substantial financial interests (the pledge has been discharged on 21 Jan 2000)	-	-	-	1,788	-

## L Creditors and accruals

	As at 30 June				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade creditors	5,240	5,301	1,513	2,012	2,257
Other creditors	119	272	266	297	730
Accruals	45	764	330	140	795
Amount due to Directors	-	1,527	1,521	-	-
<b>Trade creditors and accruals</b>	<b>5,404</b>	<b>7,864</b>	<b>3,630</b>	<b>2,449</b>	<b>3,782</b>

Trade creditors include:

Amounts due to companies in which certain Directors have substantial financial interests:

- WIISB	-	1,563	899	1,595	330
- Weidaya	-	80	-	-	-
- WETSB	-	-	-	8	1,080
- Others	-	-	240	334	334

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.3 WRSB (continued)

## 8.3.5 Notes to the financial statements of WRSB (continued)

## M Borrowings (secured)

	As at 30 June				
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
<b>Current</b>					
Trust receipts	613	364	-	-	-
Term loans	31	34	38	29	24
Hire purchase creditors	59	137	137	206	169
	<u>703</u>	<u>535</u>	<u>175</u>	<u>235</u>	<u>193</u>
<b>Non current</b>					
Term loans	179	143	105	71	46
Hire purchase creditors	165	374	245	247	98
	<u>344</u>	<u>517</u>	<u>350</u>	<u>318</u>	<u>144</u>

Term loans

	As at 30 June				
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
Term loans are repayable over the following periods:					
- not later than 1 year	31	34	38	29	24
- later than 1 year and not later than 5 years	106	92	77	71	46
- later than 5 years	73	51	28	-	-
	<u>210</u>	<u>177</u>	<u>143</u>	<u>100</u>	<u>70</u>
Representing term loans:					
- current	31	34	38	29	24
- non current	179	143	105	71	46
	<u>210</u>	<u>177</u>	<u>143</u>	<u>100</u>	<u>70</u>

The term loan as at 30 June 2000 is secured by way of fixed charges over the Company's long term leasehold land and buildings. It is repayable over 84 equal monthly instalments commencing 7 August 1995.

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
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## 8.3 WRSB (continued)

## 8.3.5 Notes to the financial statements of WRSB (continued)

## M Borrowings (secured) (continued)

Interest was incurred during the financial years at following rates ranging as follows:

	Financial year ended 30 June				
	1996	1997	1998	1999	2000
	%	%	%	%	%
Interest rates (per annum)	9.05 to 12.05	12.25 to 12.60	11.55 to 15.30	9.25 to 15.30	9.80 to 15.30

Hire purchase creditors

	As at 30 June				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Analysis of hire purchase commitments:					
- not later than 1 year	81	186	171	243	186
- later than 1 year and not later than 5 years	189	435	279	269	102
	270	621	450	512	288
Less: Finance charges	(46)	(110)	(68)	(59)	(21)
	224	511	382	453	267
Representing hire purchase liabilities:					
- current	59	137	137	206	169
- non current	165	374	245	247	98
	224	511	382	453	267

## N Bank overdrafts (secured)

Bank overdrafts as at 30 June 2000 are secured by way of a fixed charge over the Company's land and buildings.

Interest was incurred during the financial years at following rates ranging as follows:

	Financial year ended 30 June				
	1996	1997	1998	1999	2000
	%	%	%	%	%
Interest rates (per annum)	9.95 to 11.25	11.75 to 12.60	11.55 to 15.30	10.50 to 14.80	9.25 to 11.00

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.3 WRSB (continued)

## 8.3.5 Notes to the financial statements of WRSB (continued)

## O Share capital

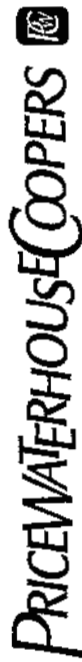
	As at 30 June				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Authorised:					
Ordinary shares of RM1 each					
At beginning of the financial year	500	500	10,000	10,000	10,000
Created during the financial year	-	9,500	-	-	-
At end of the financial year	<u>500</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

## P Retained earnings

Subject to agreement by the tax authorities, the Company has sufficient Section 108 Malaysian tax credit to frank all of its retained earnings as at 30 June 2000 if paid out as dividends.

Subject to agreement by tax authorities, pursuant to Section 8 of the Income Tax (Amendment) Act, 1999, the Company has tax exempt account to frank approximately RM2,309,000 of its retained earnings as at 30 June 2000 if paid out as tax exempt dividends.

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.3 WRSB (continued)

## 8.3.5 Notes to the financial statements of WRSB (continued)

## Q Dividends

	Financial years ended 30 June			
	1996	1997	1998	2000
	Amount	Amount	Amount	Amount
Sen per share	of dividend	of dividend	of dividend	of dividend
Sen	RM'000	RM'000	RM'000	RM'000
Interim dividend	400	-	-	60
	1,400	-	-	1,500

Interim dividend in respect of financial year ended 30 June 2000 is tax exempt whereas interim dividend in respect of financial year ended 30 June 1996 is less income tax of 30%.

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
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## 8.3 WRSB (continued)

## 8.3.5 Notes to the financial statements of WRSB (continued)

## R Cash and cash equivalents

	As at 30 June 2000 RM'000
Fixed deposits with a licensed bank, which are not pledged as securities	4,522
Bank and cash balances	709
	<u>5,231</u>

## S Significant related party disclosures

In the normal course of business, the Company undertakes on agreed terms, transactions with related parties.

The significant related party transactions during the financial years are as follows:

	Financial years ended 30 June				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Management fee received/receivable from:					
- Weidaya*	-	(72)	(96)	(96)	(52)
Purchases of finished goods from:					
- WIISB*	11,838	12,265	18,466	18,650	21,533
- Weidaya*	-	361	-	-	-
Purchases of motor vehicles from a Director and a person connected to a Director	-	-	-	650	-
Sales of finished goods to:					
- WHSB*	-	(1,293)	(23)	(853)	(3,679)
- WIISB*	-	-	(178)	-	(11)
- WMSB*	-	-	-	-	(56)
- Others*	-	-	(765)	-	(1,431)

\* companies in which certain Directors have substantial financial interests

## T Contingent liabilities

	As at 30 June				
	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Bankers' guarantees granted to third parties	-	-	523	611	539

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.4 WHSB

## 8.4.1 Consolidated income statements of WHSB

The summarised audited consolidated income statements of WHSB for the financial period from 16 July 1996 (date of incorporation) to 31 March 1997, financial years ended 31 March 1998 to 2000 and three (3) month period ended 30 June 2000 are as follows:

	Note	Financial period from 16 July 1996 (date of incorporation) to 31 March 1997 RM'000	Financial years ended 31 March			3 month period ended 30 June 2000 RM'000
			1998 RM'000	1999 RM'000	2000 RM'000	
Revenue	C	1,933	8,461	12,712	24,856	5,781
Other operating income		-	91	44	13	2
Changes in inventories of finished goods and work-in-progress		-	2	448	516	1,007
Purchases of finished goods		(1,645)	(7,083)	(9,699)	(16,709)	(5,158)
Work performed and capitalised		-	-	(244)	711	887
Staff cost		(16)	(374)	(570)	(947)	(328)
Depreciation		(1)	(74)	(95)	(146)	(43)
Other operating expenses		(83)	(886)	(2,562)	(6,641)	(1,800)
Profit from operations	D	188	137	34	1,653	348
Finance cost	E	-	(8)	(25)	(32)	(10)
Profit before tax		188	129	9	1,621	338
Tax	F	(58)	(115)	1	(456)	(138)
Profit from ordinary activities		130	14	10	1,165	200
Minority interests		(39)	51	(21)	(327)	(15)
Net profit/(loss) attributable to shareholders		91	65	(11)	838	185
Weighted average number of ordinary shares ('000 units)		510	510	510	510	510
Earnings/(loss) per share (sen) - basic	G	18	13	(2)	164	36
Gross dividend rate (%)		-	-	-	-	-

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.4 WHSB (continued)

## 8.4.2 Consolidated balance sheets of WHSB

The summarised audited consolidated balance sheets of WHSB as at 31 March 1997 to 2000 and 30 June 2000 are as follows:

	Note	As at 31 March				As at
		1997	1998	1999	2000	30 June 2000
		RM'000	RM'000	RM'000	RM'000	RM'000
<b>Non current assets</b>						
Property, plant and equipment	H	114	396	302	505	508
Preliminary and pre-operating expenses	I	158	344	-	-	-
		<u>272</u>	<u>740</u>	<u>302</u>	<u>505</u>	<u>508</u>
<b>Current assets</b>						
Inventories and work-in-progress	J	-	2	450	31	62
Properties held for resale	K	-	-	-	416	416
Contract work-in-progress	L	-	-	366	859	2,982
Debtors, deposits and prepayments	M	1,829	2,693	4,455	11,415	11,461
Deposits, bank and cash balances	N	709	1,048	1,151	1,205	886
		<u>2,538</u>	<u>3,743</u>	<u>6,422</u>	<u>13,926</u>	<u>15,807</u>
<b>Current liabilities</b>						
Provision for liabilities	O	-	-	-	311	400
Creditors and accruals	P	1,817	2,854	5,212	10,361	12,671
Tax		58	173	170	460	414
Hire purchase creditors	Q	6	76	62	65	61
Bank overdraft	R	-	48	-	726	74
		<u>1,881</u>	<u>3,151</u>	<u>5,444</u>	<u>11,923</u>	<u>13,620</u>
<b>Net current assets</b>		<u>657</u>	<u>592</u>	<u>978</u>	<u>2,003</u>	<u>2,187</u>
		<u>929</u>	<u>1,332</u>	<u>1,280</u>	<u>2,508</u>	<u>2,695</u>
<b>Capital and reserves</b>						
Share capital	S	510	510	510	510	510
Retained earnings	T	91	156	145	983	1,168
Shareholders' equity		<u>601</u>	<u>666</u>	<u>655</u>	<u>1,493</u>	<u>1,678</u>
<b>Minority interest</b>		<u>287</u>	<u>529</u>	<u>550</u>	<u>877</u>	<u>893</u>
<b>Non current liability</b>						
Hire purchase creditors	Q	41	137	75	138	124
		<u>929</u>	<u>1,332</u>	<u>1,280</u>	<u>2,508</u>	<u>2,695</u>



## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.4 WHSB (continued)

## 8.4.3 Consolidated statements of changes in equity of WHSB

The summarised audited consolidated statements of changes in equity of WHSB for the financial period from 16 July 1996 (date of incorporation) to 31 March 1997, financial years ended 31 March 1998 to 2000 and three (3) month period ended 30 June 2000 are as follows:

	Issued and fully paid ordinary shares of RM1 each		Distributable Retained earnings	Total
	Number of shares '000	Nominal value RM'000		
At 16 July 1996 (date of incorporation)	-*	-**	-	-**
Net profit for the financial period	-	-	91	91
Issue of share capital	510	510	-	510
At 31 March 1997	510	510	91	601
Net profit for the financial year	-	-	65	65
At 31 March 1998	510	510	156	666
Net loss for the financial year	-	-	(11)	(11)
At 31 March 1999	510	510	145	655
Net profit for the financial year	-	-	838	838
At 31 March 2000	510	510	983	1,493
Net profit for the period	-	-	185	185
At 30 June 2000	510	510	1,168	1,678

\* 2

\*\* RM2

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.4 WHSB (continued)

## 8.4.4 Consolidated cash flow statement of WHSB

The audited consolidated cash flow statement of WHSB for the three (3) month period ended 30 June 2000 is as follows:

	<u>Note</u>	3 month period ended <u>30 June 2000</u> RM'000
<b>Operating activities</b>		
Profit before tax		338
Adjustments for:		
Depreciation of property, plant and equipment		43
Interest expenses		10
Interest income		(2)
		<u>389</u>
(Increase)/decrease in working capital:		
Inventories and work-in-progress		(31)
Contract work-in-progress		(2,123)
Debtors		(46)
Provisions		89
Creditors		2,311
		<u>589</u>
Interest paid		(4)
Interest received		2
Tax paid		(184)
		<u>403</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment		(46)
Placement of fixed deposits with a licensed bank		(329)
		<u>(375)</u>
<b>Financing activities</b>		
Repayments of hire purchase		(24)
		<u>(24)</u>
<b>Increase in cash and cash equivalents</b>		4
<b>Cash and cash equivalents at beginning of the period</b>		261
<b>Cash and cash equivalents at end of the period</b>	U	<u><u>265</u></u>

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
19 December 2000

## 8.4 WHSB (continued)

## 8.4.5 Notes to the financial statements of WHSB

## A General information

The principal activities of the Group are of the investment holding, trading of HDPE products and the provision of specialised installation services, construction of water supply and other specialised systems involving the use of HDPE products, and providing sewage treatment services comprising the design, supply and installation, commissioning and maintenance of sewage systems.

The number of employees of the Group at the end of the financial years/period:

	As at 31 March				As at
	1997	1998	1999	2000	30 June 2000
Number of employees	3	18	15	27	28

The Company is a private limited company and is incorporated and domiciled in Malaysia.

The address of the registered office and the principal place of business of the Company is as follows:

Lot 186 – 188, Lorong Datuk Abang Abdul Rahim 7, 93450 Kuching, Sarawak, Malaysia.

## B Basis of accounting

The financial statements of the Group have been prepared under the historical cost convention and comply with the applicable approved accounting standards in Malaysia.

## C Revenue

Revenue of the Group comprises the invoiced value of goods sold and services rendered less sales returns and discounts and the proportion of the contract value attributable to the percentage of work performed during the financial years/period.

	Financial period from 16 July 1996 (date of incorporation) to 31 March 1997 RM'000	Financial years ended 31 March			3 month
		1998 RM'000	1999 RM'000	2000 RM'000	period ended 30 June 2000 RM'000
Sales of goods	1,933	8,085	8,712	14,254	2,819
Sales of sewage systems	-	376	2,010	2,415	267
Construction contracts	-	-	1,990	8,187	2,695
	1,933	8,461	12,712	24,856	5,781

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.3 WHSB (continued)

## 8.4.5 Notes to the financial statements of WHSB (continued)

## D Profit from operations

The following items have been charged/(credited) in arriving at profit from operations:

	Financial period from 16 July 1996 (date of incorporation) to 31 March 1997 RM'000	Financial years ended 31 March			3 month period ended 30 June 2000 RM'000
		1998 RM'000	1999 RM'000	2000 RM'000	
Directors' remuneration					
- fees	5	28	24	24	6
- emoluments	-	101	136	212	60
Auditors' remuneration					
- current year	4	9	14	11	-
- under/(over) provision in prior years	-	(1)	(1)	(2)	-
Rental of premises	-	20	27	54	22
Rental of motor vehicles	-	17	19	19	5
Provision for doubtful debts	-	338	515	691	-
Cost of inventories recognised as expense	1,638	7,185	11,002	21,449	4,971
Cost of services rendered	-	-	-	134	84
Pre-operating expenses written off	-	108	345	-	-
Property, plant and equipment written off	-	1	-	-	-
Interest income	-	(91)	(44)	(8)	(2)

## E Finance cost

	Financial period from 16 July 1996 (date of incorporation) to 31 March 1997 RM'000	Financial years ended 31 March			3 month period ended 30 June 2000 RM'000
		1998 RM'000	1999 RM'000	2000 RM'000	
Interest expenses from:					
Bank overdraft	-	-	5	7	4
Hire purchase	-	8	20	25	6
	-	8	25	32	10

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
19 December 2000

## 8.4 WHSB (continued)

## 8.4.5 Notes to the financial statements of WHSB (continued)

## F Tax

	Financial period from 16 July 1996 (date of incorporation) to 31 March 1997 RM'000	Financial years ended 31 March			3 month period ended 30 June 2000 RM'000
		1998 RM'000	1999 RM'000	2000 RM'000	
Current tax	58	115	-	460	138
Over provision in prior years	-	-	(1)	(4)	-
	<u>58</u>	<u>115</u>	<u>(1)</u>	<u>456</u>	<u>138</u>

The effective tax rates are higher than the statutory tax rates for the financial period/year ended 31 March 1997 and 1998 and 3 month period ended 30 June 2000 due to certain expenses which were not deductible for tax purposes.

No provision has been made for Malaysia income tax in respect of business income earned by the Group for the financial year ended 31 March 1999 pursuant to Section 8 of the Income Tax (Amendment) Act, 1999.

The effective tax rate of the Group is lower than the statutory tax rate for the financial year ended 31 March 2000 due to utilisation of tax losses to set off against part of the taxable income of the financial year by a subsidiary company.

Amounts of the tax losses utilised, and unutilised tax losses carried forward of the Group for which the tax effects have not been recognised in the financial statements for each period/financial year are as follows:

	Financial period from 16 July 1996 (date of incorporation) to 31 March 1997 RM'000	Financial years ended 31 March			3 month period ended 30 June 2000 RM'000
		1998 RM'000	1999 RM'000	2000 RM'000	
Tax losses utilised	-	-	-	318	-
Unutilised tax losses carried forward	-	82	82	-	104
	<u>-</u>	<u>82</u>	<u>82</u>	<u>-</u>	<u>104</u>

## G Earnings/(loss) per share

The earnings/(loss) per share has been calculated based on the Group's net profit/(loss) attributable to shareholders and on the weighted average number of ordinary shares in issue during the financial years/period.

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
19 December 2000

## 8.4 WHSB (continued)

## 8.4.5 Notes to the financial statements of WHSB (continued)

## H Property, plant and equipment

<u>Group</u> 31.1.1997	<u>Renovation</u> RM'000	<u>Office equipment and tools</u> RM'000	<u>Furniture and fittings</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Total</u> RM'000
<u>Cost</u>					
As at 16.7.1996 (date of incorporation)	-	-	-	-	-
New subsidiaries	8	30	10	-	48
Additions	-	15	4	55	74
Disposals	-	-	-	-	-
As at 31.3.1997	<u>8</u>	<u>45</u>	<u>14</u>	<u>55</u>	<u>122</u>
<u>Accumulated depreciation</u>					
As at 16.7.1996 (date of incorporation)	-	-	-	-	-
New subsidiaries	-	2	1	-	3
Charge for the financial period	-	2	1	2	5
Disposals	-	-	-	-	-
As at 31.3.1997	<u>-</u>	<u>4</u>	<u>2</u>	<u>2</u>	<u>8</u>
<u>Net book value</u>					
As at 31.3.1997	<u>8</u>	<u>41</u>	<u>12</u>	<u>53</u>	<u>114</u>
Depreciation charge was allocated to:					RM'000
Income statements					1
Pre-operating expenses					7
					<u>8</u>

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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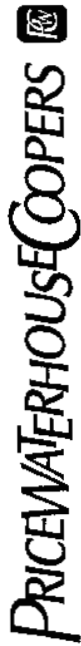
## 8.4 WHSB (continued)

## 8.4.5 Notes to the financial statements of WHSB (continued)

## H Property, plant and equipment (continued)

<u>Group</u> <u>31.3.1998</u>	<u>Renovation</u> RM'000	<u>Office equipment and tools</u> RM'000	<u>Furniture and fittings</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Total</u> RM'000
<u>Cost</u>					
As at 1.4.1997	8	45	14	55	122
Additions	6	83	16	252	357
Disposals/written off	-	(1)	-	-	(1)
As at 31.3.1998	14	127	30	307	478
<u>Accumulated depreciation</u>					
As at 1.4.1997	-	4	2	2	8
Charge for the financial year	3	24	5	42	74
Disposals/written off	-	-	-	-	-
As at 31.3.1998	3	28	7	44	82
<u>Net book value</u>					
As at 31.3.1998	11	99	23	263	396
<u>31.3.1999</u>					
<u>Cost</u>					
As at 1.4.1998	14	127	30	307	478
Additions	-	2	-	-	2
Written off	-	-	(1)	-	(1)
As at 31.3.1999	14	129	29	307	479
<u>Accumulated depreciation</u>					
As at 1.4.1998	3	28	7	44	82
Charge for the financial year	2	26	6	61	95
Written off	-	-	-	-	-
As at 31.3.1999	5	54	13	105	177
<u>Net book value</u>					
As at 31.3.1999	9	75	16	202	302

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
19 December 2000

## 8.4 WHSB (continued)

## 8.4.5 Notes to the financial statements of WHSB (continued)

## H Property, plant and equipment (continued)

Group 31.3.2000	Renovation RM'000	Office equipment and tools RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Signboard RM'000	Total RM'000
As at 1.4.1999	14	129	29	307	-	-	479
Additions	9	62	21	273	30	2	397
Disposals	-	(11)	-	(44)	-	-	(55)
As at 31.3.2000	23	180	50	536	30	2	821
<u>Accumulated depreciation</u>							
As at 1.4.1999	5	54	13	105	-	-	177
Charge for the financial year	3	31	7	103	2	-	146
Disposals	-	(7)	-	-	-	-	(7)
As at 31.3.2000	8	78	20	208	2	-	316
<u>Net book value</u>							
As at 31.3.2000	15	102	30	328	28	2	505



## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
19 December 2000

## 8.4 WHSB (continued)

## 8.4.5 Notes to the financial statements of WHSB (continued)

## H Property, plant and equipment (continued)

<u>Group</u> <u>30.6.2000</u>	<u>Renovation</u> <u>RM'000</u>	<u>Office</u> <u>equipment</u> <u>and tools</u> <u>RM'000</u>	<u>Furniture</u> <u>and fittings</u> <u>RM'000</u>	<u>Motor</u> <u>vehicles</u> <u>RM'000</u>	<u>Plant and</u> <u>machinery</u> <u>RM'000</u>	<u>Signboard</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<u>Cost</u>							
As at 1.4.2000	23	180	50	536	30	2	821
Additions	2	15	4	-	25	-	46
Disposals	-	-	-	-	-	-	-
As at 30.6.2000	25	195	54	536	55	2	867
<u>Accumulated depreciation</u>							
As at 1.4.2000	8	78	20	208	2	-	316
Charge for the period	1	9	3	27	3	-	43
Disposals	-	-	-	-	-	-	-
As at 30.6.2000	9	87	23	235	5	-	359
<u>Net book value</u>							
As at 30.6.2000	16	108	31	301	50	2	508

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.4 WHSB (continued)

## 8.4.5 Notes to the financial statements of WHSB (continued)

## H Property, plant and equipment (continued)

Net book value of assets under hire purchase agreement:

	As at 31 March				As at
	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Motor vehicles	53	263	202	301	222

## I Preliminary and pre-operating expenses

	As at 31 March				As at
	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Preliminary expenses	150	11	5	-	-
Pre-operating expenses	8	441	340	-	-
	158	452	345	-	-
Less: Amounts written off	-	(108)	(345)	-	-
	158	344	-	-	-

Pre-operating expenses include  
the following expenses:

Directors' remuneration					
- emoluments	23	88	-	-	-
Auditors' remuneration	1	1	-	-	-
Depreciation of property, plant and equipment	8	20	-	-	-
Interest expenses					
- overdraft	-	4	-	-	-
- hire purchase	1	5	-	-	-
Rental of premises	-	7	-	-	-

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
19 December 2000

## 8.4 WHSB (continued)

## 8.4.5 Notes to the financial statements of WHSB (continued)

## J Inventories and work-in-progress

	As at 31 March				As at 30 June 2000
	1997	1998	1999	2000	
	RM'000	RM'000	RM'000	RM'000	RM'000
Consumable goods	-	2	29	31	62
Work-in-progress	-	-	421	937	1,913
Progress billings	-	-	-	(2,025)	(2,840)
	-	-	421	(1,088)	(927)
Excess of progress billings over cost transferred to current liabilities (Note P)	-	-	-	1,088	927
	-	-	421	-	-
	-	2	450	31	62

## K Properties held for resale

Properties held for resale represent properties received in exchange for settlement of trade debts, and are held with a view to realisation in cash.

## L Contract work-in-progress

	As at 31 March				As at 30 June 2000
	1997	1998	1999	2000	
	RM'000	RM'000	RM'000	RM'000	RM'000
Cost incurred to date					
- as audited	-	-	1,744	10,351	12,615
- adjustments #	-	-	(287)	(954)	-
- as restated	-	-	1,457	9,397	12,615
Attributable profits					
- as audited	-	-	3	294	1,612
- adjustments #	-	-	287	954	-
- as restated	-	-	290	1,248	1,612
Progress billings received and receivable	-	-	(1,381)	(9,786)	(11,245)
	-	-	366	859	2,982

# represents elimination of inter-company transactions

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
19 December 2000

## 8.4 WHSB (continued)

## 8.4.5 Notes to the financial statements of WHSB (continued)

## M Debtors, deposits and prepayments

	As at 31 March				As at
	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade debtors	1,576	2,770	5,270	12,697	10,689
Less: Provision for doubtful debts	-	(338)	(853)	(1,544)	(1,544)
	<u>1,576</u>	<u>2,432</u>	<u>4,417</u>	<u>11,153</u>	<u>9,145</u>
Other debtors	253	252	12	180	1,788
Deposits	-	6	22	39	41
Prepayments	-	3	4	43	487
	<u>1,829</u>	<u>2,693</u>	<u>4,455</u>	<u>11,415</u>	<u>11,461</u>
Trade debtors include:					
Amounts due from a company in which certain Directors have substantial financial interests					
- WRSB	247	2	2	293	1,080
- Other	-	-	-	1,320	1,101
	<u>247</u>	<u>2</u>	<u>2</u>	<u>1,613</u>	<u>2,181</u>
Retention sum	-	13	186	406	489

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
19 December 2000

## 8.4 WHSB (continued)

## 8.4.5 Notes to the financial statements of WHSB (continued)

## M Debtors, deposits and prepayments (continued)

	As at 31 March				As at
	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Other debtors include:					
Amounts due from companies in which certain Directors have substantial financial interests					
- WRSB*	-	1	-	-	-
- WIISB*	-	245	-	-	1,730**
- Other*	245	-	-	1	-
	<u>245</u>	<u>246</u>	<u>-</u>	<u>1</u>	<u>1,730</u>

\* unsecured, interest free and have no fixed terms of repayment

\*\* the amount was fully settled on 28 September 2000

## N Deposits, bank and cash balances

	As at 31 March				As at
	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed deposits with a licensed bank	-	410	379	345	547
Fixed deposit with a licensed finance company	-	223	131	-	-
Bank and cash balances	709	415	641	860	339
Deposits, bank and cash balances	<u>709</u>	<u>1,048</u>	<u>1,151</u>	<u>1,205</u>	<u>886</u>

Fixed deposits with a licensed bank include:

Amount pledged with a licensed bank for certain banking facilities of the Company	-	-	119	213	542
Amount pledged with a licensed bank to provide guarantee for credit facilities given to a third party by a subsidiary company	-	-	-	5	5
	<u>-</u>	<u>-</u>	<u>119</u>	<u>218</u>	<u>547</u>

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
19 December 2000

## 8.4 WHSB (continued)

## 8.4.5 Notes to the financial statements of WHSB (continued)

## O Provision for liabilities

Provision for liabilities represents provision for warranty claims in respect of the construction contracts.

	RM'000
At date of incorporation	-
Additional provisions	-
Utilised during the financial period	-
At 31 March 1997	-
Additional provisions	-
Utilised during the financial year	-
At 31 March 1998	-
Additional provisions	-
Utilised during the financial year	-
At 31 March 1999	-
Additional provisions	311
Utilised during the financial year	-
At 31 March 2000	311
Additional provisions	91
Utilised during the period	(2)
At 30 June 2000	400

## P Creditors and accruals

	As at 31 March				As at
	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade creditors	1,051	1,553	4,122	8,500	11,281
Other creditors	713	116	170	233	180
Accruals	33	85	203	540	283
Work-in-progress (Note J)	-	-	-	1,088	927
Amount due to a shareholder	-	515	339	-	-
Amounts due to Directors	20	585	378	-	-
	<u>1,817</u>	<u>2,854</u>	<u>5,212</u>	<u>10,361</u>	<u>12,671</u>

Trade creditors include:

Amounts due to companies in  
which certain Directors have substantial  
financial interests

- WRSB	449	-	347	382	60
- WIISB	590	1,467	3,388	6,705	8,465
- WMSB	-	-	206	-	-
- Other	-	-	-	1	1
	<u>1,039</u>	<u>1,467</u>	<u>3,941</u>	<u>7,088</u>	<u>8,526</u>

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.4 WHSB (continued)

## 8.4.5 Notes to the financial statements of WHSB (continued)

## P Creditors and accruals (continued)

	As at 31 March				As at
	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Other creditors include:					
Amounts due to companies in which certain Directors have substantial financial interests					
- WIISB*	-	-	63	-	-
- WRSB*	713	1	6	4	5
	<u>713</u>	<u>1</u>	<u>69</u>	<u>4</u>	<u>5</u>

\* unsecured, interest free and have no fixed terms of repayment

## Q Hire purchase creditors

	As at 31 March				As at
	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Analysis of hire purchase commitments:					
- not later than 1 year	9	96	73	84	78
- later than 1 year and not later than 5 years	51	156	83	160	142
	<u>60</u>	<u>252</u>	<u>156</u>	<u>244</u>	<u>220</u>
Less: Finance charges	(13)	(39)	(19)	(41)	(35)
	<u>47</u>	<u>213</u>	<u>137</u>	<u>203</u>	<u>185</u>
Representing hire purchase liabilities:					
- current	6	76	62	65	61
- non current	41	137	75	138	124
	<u>47</u>	<u>213</u>	<u>137</u>	<u>203</u>	<u>185</u>

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
19 December 2000

## 8.4 WHSB (continued)

## 8.4.5 Notes to the financial statements of WHSB (continued)

## R Bank overdraft

	As at 31 March				As at
	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Secured	-	-	-	726	74
Unsecured	-	48	-	-	-
	-	48	-	726	74

The bank overdraft as at 30 June 2000 is secured by way of pledge of fixed deposits of RM542,000, assignment of contract revenue and jointly and severally guaranteed by certain Directors of the Group.

Interest was incurred during the financial years/period at rates ranging as follows:

	Financial period from 16 July 1996 (date of incorporation) to 31 March 1997	Financial years ended 31 March			3 month period ended
		1998	1999	2000	30 June 2000
	%	%	%	%	%
Interest rates (per annum)	-	12.30 to 15.00	10.55 to 15.30	8.80	6.00 to 10.05

## S Share capital

	As at 31 March				As at
	1997	1998	1999	2000	30 June 2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Authorised:					
Ordinary shares of RM1 each:					
At date of incorporation/beginning of the financial year/period	100	10,000	10,000	10,000	10,000
Created during the financial period	9,900	-	-	-	-
At end of the financial year/period	10,000	10,000	10,000	10,000	10,000



## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
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## 8.4 WHSB (continued)

## 8.4.5 Notes to the financial statements of WHSB (continued)

## T Retained earnings

Subject to agreement by the tax authorities, the Group has sufficient Section 108 Malaysian tax credit to frank all of the retained earnings as at 30 June 2000 if paid out as dividends.

Subject to agreement by the tax authorities, pursuant to Section 8 of the Income Tax (Amendment) Act 1999, the Group has sufficient tax exempt income to frank approximately RM448,000 of its retained earnings as at 30 June 2000 if paid out as tax exempt dividends.

## U Cash and cash equivalents

	As at <u>30 June 2000</u> RM'000
Fixed deposits with a licensed bank, which are not pledged as securities (Note N)	-
Fixed deposits with a finance company	-
Bank and cash balances	339
Bank overdraft	(74)
	<u>265</u>

## 13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
19 December 2000

## 8.4 WHSB (continued)

## 8.4.5 Notes to the financial statements of WHSB (continued)

## V Significant related party disclosures

In the normal course of business, the Group undertakes on agreed terms, transactions with related parties.

The significant related party transactions during the financial years/period are as follows:

	Financial period from 16 July 1996 (date of incorporation) to 31 March 1997 RM'000	Financial years ended 31 March			3 month
		1998 RM'000	1999 RM'000	2000 RM'000	period ended 30 June 2000 RM'000
Purchases of finished goods from:					
- WIISB*	1,136	5,101	7,602	10,857	3,111
- WRSB*	462	854	486	3,215	1,021
Progress billings to:					
- WRSB*	-	-	-	(948)	(1,689)
Sales of finished goods to:					
- WRSB*	(361)	-	-	-	-
Payment of management fees to:					
- WRSB*	48	96	96	64	12
Payment of rental expenses of a motor vehicle to:					
- WIISB*	-	17	19	19	5
Payment of rental expenses to:					
- WRSB*	-	-	5	4	-
Purchase of a motor vehicle from a Director	-	55	-	-	-

\* companies in which certain Directors have substantial financial interests

13. ACCOUNTANT'S REPORT (Cont'd)



The Board of Directors  
Weida (M) Bhd.  
19 December 2000

9 DIVIDENDS

No dividend has been paid, declared or proposed in respect of the period under review by Weida. Details of dividends paid, declared or proposed in respect of the other subsidiary companies are contained in the Notes to the financial statements of the respective subsidiary companies.

10 SUBSEQUENT EVENTS

Subsequent to the date of the last audited financial statements made up to 30 June 2000, the following events which form an integral part of the restructuring scheme took place as follows:

- (a) Allotment of 1,199,998 new ordinary shares of RM1 each in Weida at an issue price of RM1.00 per ordinary share;
- (b) Acquisition of subsidiary companies by Weida as stated in Section 3.2(a) –(g) of the report, and
- (c) Rights issue of 9,706,955 new ordinary shares of RM1.00 each in Weida on the basis of approximately forty (40) new ordinary shares for every one hundred (100) existing shares held at an issue price of RM1.05 per ordinary share.

11 AUDITED FINANCIAL STATEMENTS AFTER 30 JUNE 2000

No audited financial statements of Weida and its subsidiary companies have been prepared in respect of any period subsequent to 30 June 2000.

Yours faithfully

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers  
(AF-1146)  
Public Accountants

A handwritten signature in black ink, appearing to read 'Yap Kim Swee'.

Yap Kim Swee  
(No. 1654/10/02 (J))  
Partner of the firm

Kuching

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## **14. STATUTORY AND GENERAL INFORMATION**

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### **14.1 Share Capital**

- (i) No Shares shall be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.
- (ii) There are no founder, management or deferred shares in the Company. There is only one class of shares in the Company, namely ordinary shares of RM1.00 each, all of which rank pari passu with one another.
- (iii) Save for the 2,000,000 Shares reserved for the directors and eligible employees and business associates of the Weida Group pursuant to this Prospectus, there are at present no other schemes for or involving the employees of the Weida Group or any of its subsidiaries in the capital of the Company or any of its subsidiaries.
- (iv) Save as disclosed in paragraph (iii) above, as at the date of this Prospectus no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or any of its subsidiaries. Further no option for any shares, stocks or debentures of the Company or its subsidiaries has been granted to or exercised by any Director during the last financial year.
- (v) Save as disclosed in paragraph (iii) above, as at the date of this Prospectus, no capital of the Company or any of its subsidiaries has been put under option or agreed conditionally or unconditionally to be put under option.
- (vi) Save as disclosed in the Sections "Particulars on Public Issue" and "Information on the Weida Group" of this Prospectus and the following, no ordinary shares or debentures of the Company or its subsidiaries have been issued or is proposed to be issued as partly or fully paid-up for cash or otherwise than for cash within the two (2) years preceding the date of this Prospectus.

### **14.2 Articles of Association**

The following provision are reproduced from the Company's Articles of Association:-

#### **(i) SHARE CAPITAL AND VARIATION OF CLASS RIGHTS**

##### **Article 5**

The Company must ensure that all new issues of shares for which listing is sought on the Exchange are made by way of crediting the securities accounts of the allottees with such shares save and except where it is specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event it shall so similarly be exempted from compliance with the Exchange Listing Requirements. For this purpose, the Company must notify the Central Depository of the names of the allottees and all such particulars required by the Central Depository, to enable the Central Depository to make the appropriate entries in the securities accounts of such allottees.

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**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**

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**Article 9**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being liquidated, be varied with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy, one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.

**Article 10**

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

**Article 10A**

No person shall exercise any rights of a member until his name shall have been entered in the register of members or the Record of Depositors and he shall have paid all calls and other money for the time being due and payable on any share held by him whether alone or jointly with any other person PROVIDED THAT the Central Depository or its nominee company in whose name the Deposited Securities are registered shall not be entitled to any such right.

**(ii) TRANSFER OF SHARES****Article 28**

The transfer of any shares of the Company, which have been deposited with the Central Depository shall be by way of book entry by the Central Depository in accordance with the Rules of the Central Depository and notwithstanding Section 103 and 104 of the Act, but subject to sub-section 107C(2) of the Act and any exemption that may be made from compliance with sub-section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such shares.

**Article 29**

Subject to the provisions of the Act, the Central Depositories Act and the Rules, the instrument of transfer must be left for registration with the Central Depository and thereupon the Company shall subject to the powers vested in the Directors by these Articles register the transferee as a shareholder. There shall be no restriction on the transfer of fully paid securities except where required by law.

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**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**

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**Article 30**

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty (30) market days in any year. The Company shall give at least Eighteen (18) market days' notice, or such number of market days as may be prescribed by the Stock Exchange of its intention to close the Register and such notice shall be published in a daily newspaper circulated in Malaysia and shall also be given to the Exchange. The said notice shall state the period and purpose or purposes for which the Register is being closed. In relation to the closure, the Company shall give written notice, in accordance with the Rules, to the Central Depository to prepare the appropriate Record of Depositors.

**Article 31**

Subject to the provision of these Articles, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

(iii) **REMUNERATION OF DIRECTORS**

**Article 90**

The Directors shall be paid by way of fees for their services, such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine. PROVIDED ALWAYS that:-

- (a) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) Salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting. Any Director holding office for a part of a year shall be entitled to a proportionate part of such fee;
- (d) any fees paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

**Article 91**

- (a) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors of the Company

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**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**

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- (b) If any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors of the Company, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such remuneration may be either in addition to or in substitution for his share in the remuneration from time to time provided for the Directors.

(iv) **POWERS AND DUTIES OF DIRECTORS**

**Article 94**

The Directors shall not without the prior approval of the Company in general meeting:-

- (a) carry into effect any proposal or execute any transaction for the acquisition of any undertaking or property of a substantial value, or the disposal of a substantial portion of or a controlling interest in the Company's main undertaking or property;
- (b) exercise any power of the Company to issue shares unless otherwise permitted under the Act;
- (c) subject to Sections 132E and 132F of the Act, enter into any arrangement or transaction with a Director of the Company or its holding company or with a person connected with such a Director, to acquire from or dispose to such a Director or person, any non-cash assets of the requisite value;
- (d) issue warrants on such terms and subject to such conditions which may be resolved upon by the Directors which confers a right to registered holder of warrant to subscribe equity of the Company.

**Article 95**

- (a) The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property or assets of the Company (both present and future) including its uncalled capital or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related company as may be thought fit.
- (b) The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

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**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**

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**Article 98**

The Directors may from time to time by power of attorney under the Seal, appoint any corporation, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney/attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

**14.3 Directors and Substantial Shareholders**

- (i) The names, addresses and occupations of the Directors are set out in the section "Corporate Directory" of this Prospectus.
- (ii) A Director is not required to hold any qualification share in the Company unless otherwise so fixed by the Company in general meeting.
- (iii) There are no existing or proposed service contracts between the Directors and the Company or its subsidiary companies.
- (iv) No Director or key management personnel (as named herein) involved in the following events:-
  - (a) a petition under any bankruptcy or insolvency laws which was filed (and struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key management personnel;
  - (b) a conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
  - (c) the subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, Director or employee of a financial institution and engaging in any type of business practice or activity.
- (v) For the financial year ended 31 March 2000, the remuneration paid to the Directors of Weida for services in all capacities to the Company and its subsidiary was RM800,000. For the current financial year ending 31 March 2001, the amount payable to the Directors of Weida is estimated to be approximately RM800,000.



**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**

- (vi) According to the Register of Substantial Shareholders of Weida as at 15 December 2000, the substantial shareholders of Weida and their respective direct and indirect interest in the Shares of the Company before and after the Public Issue are as follows:

Substantial shareholders	Before the Public Issue				After the Public Issue			
	Direct No. of shares	%	Indirect No. of shares	%	Direct No. of shares	%	Indirect No. of shares	%
Weida Management Sdn Bhd	8,737,357	25.77	-	-	8,737,357	21.84	-	-
AISB	6,897,914	20.35	-	-	6,897,914	17.24	-	-
ASSAR	***2,767,644	8.16	-	-	2,767,644***	6.92	-	-
Zainal Abidin bin Ahmad	6,443,704	19.01	-	-	6,453,704	16.13	-	-
Tiara Senja Sdn Bhd	3,866,224	11.41	-	-	3,866,223	9.67	-	-
Lee Choon Chin	1,402,273	4.14	9,333,323*	27.53	1,412,273	3.53	9,333,323*	23.33
Liew Kee Moi	595,966	1.76	10,149,630**	29.94	595,966	1.49	10,149,630**	25.37
Chai Mui Huon	840,738	2.48	-	-	840,738	2.10	-	-
Law Lee Koon	840,737	2.48	-	-	840,737	2.10	-	-

\* Deemed interest by virtue of his substantial shareholding in Weida Management Sdn Bhd & his spouse's (Liew Kee Moi) direct shareholding in Weida

\*\* Deemed interest by virtue of her spouse's (Lee Choon chin) substantial shareholdings in Weida Management Sdn Bhd and her spouse's direct shareholding in Weida

\*\*\* Held through HSBC Trustee (Malaysia) Berhad

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**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**

- (vii) Based on the Register of Directors' Shareholdings as at 15 December 2000 (being the last practicable date prior to the printing of this Prospectus), the direct and indirect interests of the Directors, in the issued and paid-up share capital of the Company before and after the Public Issue are as follows:-

Directors	Before the Public Issue				After the Public Issue			
	Direct No. of shares	%	Indirect No. of shares	%	Direct No. of shares	%	Indirect No. of shares	%
Tuan Haji Su'ut Haji Suhaili	-	-	-	-	10,000	0.03	-	-
Lee Choon Chin	1,402,273	4.14	9,333,323*	27.53	1,412,273	3.53	9,333,323*	23.33
Jee Hon Chong	350,568	1.03	-	-	360,568	0.90	-	-
Yong Lin Lin	420,682	1.24	-	-	430,682	1.08	-	-
Zainal Abidin bin Ahmad	6,443,704	19.01	-	-	6,453,704	16.13	-	-
Ahmad Tarmizi bin Sulaiman	-	-	-	-	10,000	0.03	-	-
Zaidi bin Ahmad	-	-	-	-	10,000	0.03	-	-
Datu Voon Chen	-	-	-	-	10,000	0.03	-	-
Hian @ Voon Chen Kok	-	-	-	-	-	-	-	-

\* Deemed interest by virtue of his substantial shareholding in Weida Management Sdn Bhd & his spouse's (Liew Kee Moi) direct shareholding in Weida

**14.4 General**

- (i) The nature of the Group's business and the names of all corporations which are deemed to be related to the Company by virtue of Section 6 of the Companies Act 1965 are disclosed in the section "Information on the Weida Group" of this Prospectus.
- (ii) The date and time of the opening and closing of the Application Lists are set out in the section the "Procedures for Application and Acceptance" of this Prospectus.
- (iii) The amount payable in full on application is RM2.15 per Share.
- (iv) (1) Underwriting fees are payable by the Company to the Managing Underwriter and Underwriters mentioned in the section "Corporate Directory" of this Prospectus at the rate of 2.5% of the Public Issue price of RM2.15 per Share on the 6,100,000 Issue Shares to be issued to the directors and eligible employees of the Weida Group and Malaysian Public, being underwritten;
- (2) Management fees are payable by the Company to the Managing Underwriter mentioned in the section "Corporate Directory" of this Prospectus at the rate of 0.5% of the Public Issue price of RM2.15 per Share on the 6,100,000 Issue Shares of the Weida Group;
- (3) Brokerage at the rate of 1% of the issue price of RM2.15 per Share is payable by the Company in respect of successful applications bearing the stamp of Arab-Malaysian, member companies of the KLSE, members of the Association of Merchant Banks in Malaysia, members of the Association of Banks in Malaysia or MIH; and

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**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**


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- (4) Expenses incidental to the listing and quotation of the entire issued and paid-up share capital of the Company on the KLSE amounting to approximately RM1,200,000 will be borne by the Company.
- (v) Save as disclosed in paragraph (iv), no commission, discount, brokerage or other special terms have been paid, granted or are payable by the Company or its subsidiaries within the two (2) years immediately preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company or its subsidiaries and no Director, proposed Director, promoter or expert is or are entitled to receive any such payment.
- (vi) No amount or benefit has been paid or given within the two (2) years preceding the date hereof, nor is it intended to be so paid or given, to any promoter.
- (vii) The Weida Group has not established a place of business outside Malaysia except for the appointment of agents overseas.
- (viii) Except as disclosed of this Prospectus in Section 2 "Risk Factors", the Directors are not aware of any material information including trading factors or risks not mentioned elsewhere in this Prospectus which are unlikely to be known or anticipated by the general public and which would materially affect the profits of the Group.
- (ix) Except as disclosed in this Prospectus in Section 2 "Risk Factors", the financial conditions and operations of the Group are not affected by any of the following:-
  - (a) Known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way;
  - (b) Material commitments for capital expenditure;
  - (c) Unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and
  - (d) Known trends or uncertainties that have or that the Group reasonably expects to have a materially favourable or unfavourable impact on its revenues or operating income.

As far as the Directors are aware and except as disclosed in this Prospectus, the Group is not vulnerable to any specific factors or events of a particular nature other than those normal commercial risks experienced during the course of business.

- (x) As at the date of this Prospectus, the Company and its subsidiaries have no convertible debt securities.
- (xi) The name and address of the Auditors and Reporting Accountants are as set out in the section "Corporate Directory" of this Prospectus.
- (xii) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in the section "Procedure for Application and Acceptance" of this Prospectus.

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**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**


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**14.5 Material Contracts**

Save as disclosed hereunder, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by the Company and its subsidiaries within the two (2) years preceding the date of this Prospectus:-

- i) Underwriting Agreement dated 7 November 2000 between the Company and the Managing Underwriter and Underwriters for the underwriting of 2,000,000 Shares to be issued to the directors, eligible employees and business associates of Weida Group and 4,100,000 Shares to be issued to the Malaysian public at RM2.15 per Share. An underwriting commission of 2.5% of the value of the said Underwritten Shares will be paid to the respective Underwriters and a management fee of 0.5% of the total value of the said Underwritten Shares will be paid to the Managing Underwriter.
- ii) Share Sale and Purchase Agreement dated 23 October 2000 in respect of the acquisition of the entire issued and paid-up share capital of WIISB from Weida Management Sdn Bhd, AISB, Zainal Abidin bin Ahmad and Tiara Senja Sdn Bhd comprising 3,000,000 Shares for a purchase consideration of RM21,471,768 satisfied by the issuance of 14,808,116 new Shares of RM1.00 each in the capital of Weida credited as fully paid at an issue price of approximately RM1.45 per Share. Acquisition was completed on 23 October 2000.
- iii) Share Sale and Purchase Agreement dated 23 October 2000 in respect of the acquisition of the entire issued and paid-up share capital of WRSB from Weida Management Sdn Bhd, AISB, Zainal Abidin bin Ahmad and Tiara Senja Sdn Bhd comprising 2,500,000 Shares for a purchase consideration of RM11,314,780 satisfied by the issuance of 7,803,297 new Shares of RM1.00 each in the capital of Weida credited as fully paid at an issue price of approximately RM1.45 per Share. Acquisition was completed on 23 October 2000.
- iv) Share Sale and Purchase Agreement dated 23 October 2000 in respect of the acquisition of the entire issued and paid-up share capital of WHSB from Weida Management Sdn Bhd, AISB, Zainal Abidin bin Ahmad and Tiara Senja Sdn Bhd comprising 510,000 Shares for a purchase consideration of RM553,367 satisfied by the issuance of 381,632 new Shares of RM1.00 each in the capital of Weida credited as fully paid at an issue price of approximately RM1.45 per Share. Acquisition was completed on 23 October 2000.
- v) Sale and Purchase Agreement dated 23 October 2000 entered into between Weida and WHSB for the acquisition of 51% of the issued and paid-up share capital of Saruwas for a total cash consideration of RM102,000. The acquisition was completed on 23 October 2000.
- vi) Sale and Purchase Agreement dated 23 October 2000 entered into between Weida and WHSB for the acquisition of 51% of the issued and paid-up share capital of WETSB for a total cash consideration of RM51,000. The acquisition was completed on 23 October 2000.
- vii) Sale and Purchase Agreement dated 23 October 2000 entered into between Weida and WHSB for the acquisition of 51% of the issued and paid-up share capital of WMSB for a total cash consideration of RM255,000. The acquisition was completed on 23 October 2000.

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**14. STATUTORY AND GENERAL INFORMATION (Cont'd)**

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- viii) Sale and Purchase Agreement dated 23 October 2000 entered into between Weida and WHSB for the acquisition of 70% of the issued and paid-up share capital of Weidaya for a total cash consideration of RM350,000. The acquisition was completed on 23 October 2000.

**14.6 Public Take-Overs**

During the last financial year and the current financial year, there were:-

- (i) No public take-over offers by third parties in respect of the Company and its subsidiaries' shares.
- (ii) No public take-over offers by the Weida Group in respect of other companies' shares.

**14.7 Material Litigation**

Neither Weida nor any of its subsidiaries are engaged in any litigation, either as plaintiff or defendant, which has material effect on the financial position of Weida or any of its subsidiaries and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or the business of the Company or any of its subsidiaries.

**14.8 Consents**

- (i) The written consents of the Adviser and Managing Underwriter, Underwriters, Solicitors, Principal Bankers, Registrars, Issuing House and AC Nielson (Malaysia) Sdn Bhd to the inclusion in this Prospectus of their names in the form and context in which their names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report, and their letters relating to the Profit Forecast for the financial year ending 31 March 2001 and Proforma Consolidated Balance Sheets as at 30 June 2000 in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (iii) The written consent of the Valuers to the inclusion in this Prospectus of their name and valuation certificate in the form and context in which they appear has been given before the issue of this Prospectus and have not been subsequently withdrawn.

**14.9 Documents for Inspection**

Copies of the following documents may be inspected at the registered office of the Company during office hours for a period of twelve (12) months from the date of this Prospectus:-

- (i) Memorandum and Articles of Association of Weida and its subsidiary companies;
- (ii) The Directors' Report and Accountants' Report as included herein;