

XII. ACCOUNTANTS' REPORT (Cont'd)**4.2.4 IPSB**

	← Financial year ended 31 January →					Six month Period Ended
	1996 RM '000	1997 RM '000	1998 RM '000	1999 RM '000	2000 RM '000	31.7.2000 RM '000
Turnover	4,769	17,559	21,372	7,093	25,284	17,239
Profit before depreciation, interest and taxation	659	7,734	10,035	94	9,456	7,236
Operating expenses	(1,395)	(3,365)	(3,178)	(1,100)	(3,681)	(3,273)
Interest expense	(38)	(1,188)	(1,494)	(1,859)	(1,520)	(681)
Depreciation	(51)	(90)	(111)	(118)	(148)	(86)
(Loss)/profit before taxation	(825)	3,091	5,252	(2,983)	4,107	3,196
Taxation	-	(23)	(366)	(25)	(300)	(330)
Net (loss)/profit for the year/ period (Accumulated loss)/ retained profits brought forward	(825)	3,068	4,886	(3,008)	3,807	2,866
	-	(825)	2,243	6,424	3,416	7,223
Profits available for appropriation	-	2,243	7,129	3,416	7,223	10,089
Dividends	-	-	(705)	-	-	-
(Accumulated loss)/ retained profits carried forward	(825)	2,243	6,424	3,416	7,223	10,089
Weighted average number of ordinary shares ('000)	7,000	7,000	7,000	7,000	7,000	7,000
Gross (LPS)/EPS (RM)	(0.12)	0.44	0.75	(0.43)	0.59	0.46
Net (LPS)/ EPS (RM)	(0.12)	0.44	0.70	(0.43)	0.54	0.41

Notes:

- (i) *The significant reduction in turnover and profit before taxation for the financial year ended 31 January, 1999 is due to the economic and financial crisis faced by the Malaysian economy which had badly affected the automobile and in turn the accessories and parts industries.*
- (ii) *The effective rate of taxation is less than the statutory rate because IPSB enjoys pioneer status which exempts their business income from taxation for a period of five years ending 31 August, 2000.*
- (iii) *There were no extraordinary or exceptional items during the financial years/period under review.*

XII. ACCOUNTANTS' REPORT (Cont'd)**4.2.5 IRSB**

	Financial year ended 31 January		Six month
	<u>1999</u>	<u>2000</u>	<u>period ended</u>
	RM '000	RM '000	<u>31.7.2000</u>
			RM '000
Turnover	281	816	650
Profit/(loss) before depreciation, interest and taxation	281	218	434
Operating expenses	(402)	(497)	(75)
Interest expense	(114)	(181)	(117)
Depreciation	(109)	(144)	(13)
(Loss)/profit before taxation	(344)	(604)	229
Taxation	-	-	-
Net (loss)/profit for the year/period	(344)	(604)	229
Accumulated loss brought forward	-	(344)	(948)
Accumulated losses carried forward	(344)	(948)	(719)
Weighted average number of ordinary shares	500	500	500
Gross (LPS)/EPS (RM)	(0.69)	(1.21)	0.46
Net (LPS)/EPS (RM)	(0.69)	(1.21)	0.46

Notes:

- (i) *No profit and loss account was prepared prior to the financial year ended 31 January, 1999 as IRSB only commenced operations in January, 1999.*
- (ii) *There were no extraordinary or exceptional items during the financial years/period under review*

XII. ACCOUNTANTS' REPORT (Cont'd)**4.2.6 TSSB**

	← Financial year ended 31 January →					Six month period ended
	13.7.1995 to 31.1.1996 RM '000	1997 RM '000	1998 RM '000	1999 RM '000	2000 RM '000	31.7.2000 RM '000
Turnover	96	702	1,530	563	1,340	463
(Loss)/profit before depreciation, interest and taxation	(15)	263	627	124	212	85
Operating expenses	(85)	(315)	(329)	(260)	(263)	(39)
Interest expense	-	(1)	(6)	(11)	(51)	(23)
Depreciation	(1)	(5)	(16)	(33)	(32)	(16)
(Loss)/profit before tax	(101)	(58)	276	(180)	(134)	7
Taxation	-	-	(54)	-	-	-
Net (loss)/profit for the period/year	(101)	(58)	222	(180)	(134)	7
(Accumulated losses)/ retained profit brought forward	-	(101)	(159)	63	(117)	(251)
(Accumulated losses)/ retained profit carried forward	(101)	(159)	63	(117)	(251)	(244)
Weighted average number of ordinary shares	86	100	500	500	500	500
Gross (LPS)/EPS (RM)	(1.17)	(0.58)	0.55	(0.36)	(0.27)	0.01
Net (LPS)/ EPS (RM)	(1.17)	(0.58)	0.44	(0.36)	(0.27)	0.01

Notes:

- (i) *The effective rate of taxation is less than the standard rate for taxation applicable, principally due to tax savings arising as a result of the utilisation of brought forward tax losses and unutilised capital allowances.*
- (ii) *There were no extraordinary or exceptional items during the financial years/periods under review.*

XII. ACCOUNTANTS' REPORT (Cont'd)**4.2.7. IAV**

	← Financial year ended 31 January →		Six month period ended
	1999 Baht '000	2000 Baht '000	31.7.2000 Baht '000
Turnover	36,263	124,340	88,697
Profit before depreciation, interest and taxation	47,121	36,455	24,290
Operating expenses	(27,199)	(32,412)	(13,355)
Interest expense	(11,495)	(19,182)	(8,745)
Depreciation	(1,795)	(3,110)	(1,653)
Profit / (loss) before taxation	6,632	(18,249)	537
Taxation	-	-	-
Profit / (loss) after taxation	6,632	(18,249)	537
Prior year adjustment	(23,042)	-	-
Accumulated losses brought forward	-	(16,410)	(34,659)
Accumulated losses carried forward	(16,410)	(34,659)	(34,122)
Weighted average number of ordinary shares ('000)	700	892	1,000
Gross (LPS)/EPS (Baht)	(9.47)	(20.46)	0.54
Net (LPS)/EPS (Baht)	(9.47)	(20.46)	0.54

Notes:

- (i) *The Other income for the financial year ended 31 January, 1999 which amounted to Thai Baht 54.405 million relates to gain on foreign exchange on the term loan facility. This is due to strengthening of the Thai Baht against the US dollar during the financial year.*
- (ii) *The significant increase in turnover for the financial year ended 31 January, 2000 is mainly due to increase in demand for automobile as Thailand's economy showed a momentous recovery.*
- (iii) *There is no taxation charge for the year as IAV has been granted certain promotional privileges on manufacturing of its products under the Industrial Investment Promotion Act B.E. 2520 by the Government of Thailand.*
- (iv) *There were no extraordinary or exceptional items during the financial years/period under review.*

XII. ACCOUNTANTS' REPORT (Cont'd)**4.2.8 ITSB**

	Financial year ended 31.3.2000 RM '000	Three month period ended 31.7.2000 RM '000
Turnover	34,263	20,151
Profit before depreciation, interest and taxation	4,050	20,305
Operating expenses	(2,053)	(12,993)
Interest expense	(842)	(1,486)
Depreciation	(87)	(2,886)
Profit before taxation	2,282	2,940
Taxation	(59)	(362)
Profit after taxation	2,223	2,578
Retained profit brought forward	-	2,223
Retained profit carried forward	2,223	4,801
Weighted average number of ordinary shares ('000)	17,795	20,000
Gross EPS (RM)	0.13	0.15
Net EPS (RM)	0.12	0.13

Notes:

- (i) *No profit and loss account was prepared prior to the financial period ended 31 March, 2000 as ITSB only commenced operations in May, 1999.*
- (ii) *The tax provision for the financial year ended 31 March, 2000 is in respect of investment income during the period. ITSB is eligible to claim for Investment Tax Allowance ("ITA") on qualified capital expenditure under the Promotion of Investments Act 1986 for five years commencing 8 October, 1998.*
- (iii) *There were no extraordinary or exceptional items during the financial years/period under review.*

4.2.9 TSB

There has been no profit and loss account prepared up to 31 July, 2000 because TSB has not commenced operations since the date of incorporation on 13 March, 1997.

XII. ACCOUNTANTS' REPORT (Cont'd)**4.2.10 MSB**

There has been no profit and loss account prepared up to 31 July, 2000 because MSB has not commenced operations since the date of incorporation on 20 March, 1997.

4.2.11 DRSSB

	13.9.1995	Financial year ended 31 December			Seven month
	to 31.12.1996	1997	1998	1999	ended 31.7.2000
	RM '000	RM '000	RM '000	RM '000	RM '000
Turnover	6,728	8,755	44,893	12,078	5,767
Profit before depreciation, interest and taxation	729	3,476	13,453	7,290	3,408
Operating expenses	(359)	(2,999)	(5,868)	(2,967)	(853)
Depreciation	(30)	(105)	(185)	(72)	(187)
Profit before taxation	340	372	7,400	4,251	2,368
Taxation	(102)	(108)	(2,177)	87	(618)
Profit after taxation	238	264	5,223	4,338	1,750
Retained profits brought forward	-	238	502	5,725	6,391
Profit available for appropriation	238	502	5,725	10,063	8,141
Dividend	-	-	-	(3,672)	-
Retained profits carried forward	238	502	5,725	6,391	8,141
Weighted average number of ordinary shares ('000)	500	625	750	750	750
Gross EPS (RM)	0.68	0.60	9.87	5.67	3.16
Net EPS (RM)	0.48	0.42	6.96	5.79	2.33

Notes:

- (i) *The increase in turnover for the financial year ended 31 December, 1998 is due to the attainment of the Power System Study project from Keretapi Tanah Melayu Berhad.*
- (ii) *The effective tax rates were consistent throughout the financial years/period under review.*
- (iii) *There were no extraordinary or exceptional items during the financial years/period under review.*

XII. ACCOUNTANTS' REPORT (Cont'd)**4.2.12 SPSSB**

	← Financial year ended 31 January →		Six month period ended
	1999 RM '000	2000 RM '000	31.7.2000 RM '000
Turnover	3,748	10,426	38
Profit before depreciation, interest and taxation	465	1,555	4
Operating expenses	(582)	(839)	(446)
Interest expense	(7)	(10)	(5)
Depreciation	(80)	(134)	(68)
(Loss)/profit before taxation	(204)	572	(515)
Taxation	-	(126)	-
(Loss)/profit after taxation	(204)	446	(515)
Accumulated loss brought forward	-	(204)	242
(Accumulated losses) /retained profit carried forward	(204)	242	(273)
Weighted average number of ordinary shares (*000)	92	225	250
Gross (LPS)/EPS (RM)	(2.22)	2.54	2.1
Net (LPS)/EPS (RM)	(2.22)	1.98	2.1

Notes:

- (i) *The increase in turnover and the turnaround from a loss position to a profit before tax for the financial year ended 31 January, 2000 is due to its Turbine project operating in full capacity during the year.*
- (ii) *There was no taxation charge for the financial year ended 31 January, 1999 as SPSSB was in a tax loss position. The effective tax rate for the year ended 31 January, 2000 is lower than the statutory rate due to the utilisation of brought forward unutilised capital allowances.*
- (iii) *There were no extraordinary or exceptional items during the financial years/period under review.*

4.2.13 SIV

- (i) *No profit and loss account are prepared as SIV has not commenced operations to date. All preliminary and pre-operating expenditure incurred are capitalised as intangible assets and will be amortised over three years once operations commence. However, as there is no indication that the operations will ever commence, all intangible assets have been written off against the profit and loss accounts in the financial year ended 31 January, 2000.*

XII. ACCOUNTANTS' REPORT (Cont'd)**5. SUMMARISED BALANCE SHEETS****5.1 The summarised balance sheets for ICB are set out below:**

	As at 31 January, 2000 RM'000	As at 31 July, 2000 RM'000
CURRENT ASSETS	0*	0*
CURRENT LIABILITIES	8	176
NET CURRENT LIABILITIES	(8)	(176)
DEFERRED EXPENDITURE	8	176
	<u>0</u>	<u>0</u>
SHAREHOLDERS' FUNDS		
Share capital:		
Ordinary shares	<u>0*</u>	<u>0*</u>
NTA (RM'000)	<u>0</u>	<u>0</u>
NTA per share (RM)	<u>1</u>	<u>1</u>

* The current assets and issued and paid-up share capital is RM2.

XII. ACCOUNTANTS' REPORT (Cont'd)**5.2 The summarised balance sheets of MDSB are as follows:**

	← As at 31 January →					As at
	1996 RM '000	1997 RM '000	1998 RM '000	1999 RM '000	2000 RM '000	31.7.2000 RM '000
CURRENT ASSETS	1,480	2,957	13,378	34,376	34,121	45,942
CURRENT LIABILITIES	1,759	2,764	13,454	22,880	18,810	28,031
NET CURRENT (LIABILITIES)/ ASSETS	(281)	193	(76)	11,496	15,311	17,911
FIXED ASSETS	716	603	936	862	1,037	1,145
INVESTMENT – SUBSIDIARIES	60	229	979	763	655	655
INVESTMENT – ASSOCIATED COMPANY	-	256	255	375	468	467
INTANGIBLE ASSETS	123	102	77	-	-	-
HIRE PURCHASE CREDITORS	(293)	(269)	(300)	(202)	(96)	(186)
	325	1,114	1,871	13,294	17,375	19,992
SHAREHOLDER'S FUNDS						
Share capital (Accumulated losses)/retained profits	500	1,000	1,000	1,000	1,000	1,000
	(175)	114	871	12,294	16,375	18,992
	325	1,114	1,871	13,294	17,375	19,992
NTA (RM'000)	202	1,012	1,794	13,294	17,375	19,992
NTA per share (RM)	0.40	1.01	1.79	13.29	17.38	19.99

XII. ACCOUNTANTS' REPORT (Cont'd)**5.3 The summarised balance sheets of RESB are as follows:**

	← As at 31 January →					As at
	<u>31.12.1995</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>31.7.2000</u>
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
CURRENT ASSETS	725	646	1,322	2,873	5,507	10,374
CURRENT LIABILITIES	651	932	1,166	2,184	4,899	9,800
NET CURRENT ASSETS/(LIABILITIES)	74	(286)	156	689	608	574
FIXED ASSETS	63	44	174	193	157	221
HIRE PURCHASE CREDITORS	(19)	(13)	(80)	(70)	(43)	(59)
	<u>118</u>	<u>(255)</u>	<u>250</u>	<u>812</u>	<u>722</u>	<u>736</u>
SHAREHOLDERS' FUNDS/(DEFICIT)						
Share capital	100	100	500	500	500	500
Retained profits /(accumulated losses)	18	(355)	(250)	312	222	236
	<u>118</u>	<u>(255)</u>	<u>250</u>	<u>812</u>	<u>722</u>	<u>736</u>
NTA/(NTL) (RM'000)	118	(255)	250	812	722	736
NTA/(NTL) /per share (RM)	1.18	(2.55)	0.50	1.62	1.44	1.47

XII. ACCOUNTANTS' REPORT (Cont'd)**5.4 The summarised balance sheet of MPSSB are as follows:**

	← As at 31 January →					As at 31.7.2000
	1996 RM '000	1997 RM '000	1998 RM '000	1999 RM '000	2000 RM '000	
CURRENT ASSETS	122	602	1,140	1,382	2,597	2,496
CURRENT LIABILITIES	61	449	587	716	1,778	1,610
NET CURRENT ASSETS	61	153	553	666	819	886
FIXED ASSETS	51	114	233	194	223	431
INTANGIBLE ASSETS	34	-	-	-	-	-
HIRE PURCHASE CREDITORS	(46)	(26)	(84)	(62)	(72)	(49)
	100	241	702	798	970	1,268
SHAREHOLDERS' FUNDS						
Share capital	100	100	500	500	500	500
Retained profits	-	141	202	298	470	768
	100	241	702	798	970	1,268
NTA (RM'000)	66	241	702	798	970	1,268
NTA per share (RM)	0.66	2.41	1.40	1.60	1.94	2.54

XII. ACCOUNTANTS' REPORT (Cont'd)**5.5 The summarised balance sheets of IESB are as follows:**

	← As at 31 January →					As at
	<u>1996</u> RM '000	<u>1997</u> RM '000	<u>1998</u> RM '000	<u>1999</u> RM '000	<u>2000</u> RM '000	<u>31.7.2000</u> RM '000
CURRENT ASSETS	6,799	13,335	16,821	14,454	15,964	20,998
CURRENT LIABILITIES	9,061	23,261	27,656	20,118	21,782	28,398
NET CURRENT LIABILITIES	(2,262)	(9,926)	(10,835)	(5,664)	(5,818)	(7,400)
FIXED ASSETS	32,575	41,175	39,412	36,248	33,848	29,729
INVESTMENT – SUBSIDIARIES	5,180	6,770	10,979	11,269	20,269	20,269
INVESTMENT – ASSOCIATED COMPANIES	-	1,330	50	5,475	8,900	8,900
DEVELOPMENT COST	-	-	-	404	1,307	2,603
DEFERRED EXPENDITURE	21	-	-	-	-	-
TERM LOANS	(15,233)	(10,595)	(6,343)	(4,002)	(1,554)	(1,329)
LOAN STOCKS	(2,000)	-	-	-	-	-
LEASE CREDITORS	(1,479)	(953)	(1,204)	(460)	(64)	-
HIRE PURCHASE CREDITORS	(55)	(134)	(96)	(59)	(471)	(435)
	<u>16,747</u>	<u>27,667</u>	<u>31,963</u>	<u>43,212</u>	<u>56,417</u>	<u>52,337</u>
SHAREHOLDERS' FUNDS						
Share capital	7,400	21,300	21,300	36,300	45,300	45,300
Capital reserves	6,912	2,600	2,600	2,600	2,913	2,600
Retained profits brought forward	2,435	3,767	8,063	4,312	8,204	4,437
	<u>16,747</u>	<u>27,667</u>	<u>31,963</u>	<u>43,212</u>	<u>56,417</u>	<u>52,337</u>
NTA (RM'000)	16,726	27,667	31,963	43,212	56,417	52,337
NTA per share (RM)	2.39	1.32	1.52	1.20	1.25	1.15

XII. ACCOUNTANTS' REPORT (Cont'd)**5.6 The summarised balance sheets of IPSB are as follows:**

	← As at 31 January →					As at
	<u>1996</u> RM '000	<u>1997</u> RM '000	<u>1998</u> RM '000	<u>1999</u> RM '000	<u>2000</u> RM '000	<u>31.7.2000</u> RM '000
CURRENT ASSETS	5,139	9,598	14,392	10,671	18,390	21,635
CURRENT LIABILITIES	7,720	7,678	9,497	9,447	18,227	29,120
NET CURRENT (LIABILITIES) / ASSETS	(2,581)	1,920	4,895	1,224	163	(7,485)
FIXED ASSETS	21,784	18,935	18,887	24,837	21,321	28,214
INVESTMENTS IN ASSOCIATED COMPANY	-	-	-	700	2,698	2,698
DEVELOPMENT COST DEFERRED EXPENDITURE	781	458	135	-	-	-
TERM LOANS	(13,500)	(11,695)	(9,732)	(14,436)	(5,275)	(4,038)
LEASE CREDITORS	(145)	(252)	(524)	(279)	-	-
AL-IJARAH LEASE CREDITORS	-	-	-	-	(5,440)	(4,760)
HIRE PURCHASE CREDITORS	(164)	(123)	(81)	(1,449)	(1,169)	(860)
DEFERRED TAXATION	-	-	(156)	(181)	(181)	(181)
	<u>6,175</u>	<u>9,243</u>	<u>13,424</u>	<u>10,416</u>	<u>14,223</u>	<u>17,089</u>
SHAREHOLDERS' FUNDS						
Share capital	7,000	7,000	7,000	7,000	7,000	7,000
(Accumulated loss)/Retained profit	(825)	2,243	6,424	3,416	7,223	10,089
	<u>6,175</u>	<u>9,243</u>	<u>13,424</u>	<u>10,416</u>	<u>14,223</u>	<u>17,089</u>
NTA (RM'000)	5,394	8,785	13,289	10,416	14,223	17,089
NTA per share (RM)	0.77	1.26	1.90	1.49	2.03	2.44

XII. ACCOUNTANTS' REPORT (Cont'd)**5.7 The summarised balance sheets of IRSB are as follows:**

	← As at 31 January →				As at
	1997 RM '000	1998 RM '000	1999 RM '000	2000 RM '000	31.7.2000 RM '000
CURRENT ASSETS	616	1,697	2,600	2,619	3,102
CURRENT LIABILITIES	494	1,702	3,066	3,517	3,683
NET CURRENT ASSETS/(LIABILITIES)	122	(5)	(466)	(898)	(581)
DEFERRED EXPENDITURE	378	100	67	33	17
FIXED ASSETS	-	405	555	417	345
	500	500	156	(448)	(219)
SHAREHOLDER'S FUNDS/ (DEFICIT)					
Share capital	500	500	500	500	500
Accumulated losses	-	-	(344)	(948)	(719)
	500	500	156	(448)	(219)
NTA/(NTL) (RM'000)	122	400	89	(481)	(236)
NTA/(NTL) per share (RM)	0.24	0.80	0.18	(0.96)	(0.47)

XII. ACCOUNTANTS' REPORT (Cont'd)**5.8 The summarised balance sheets of IAV are follows:**

	← As at 31 January →				As at
	<u>1997</u> Baht'000	<u>1998</u> Baht'000	<u>1999</u> Baht'000	<u>2000</u> Baht'000	<u>31.7.2000</u> Baht'000
CURRENT ASSETS	1,061	9,211	36,220	49,585	67,450
CURRENT LIABILITIES	12,444	46,230	114,208	118,610	137,549
NET CURRENT LIABILITIES	(11,383)	(37,019)	(77,988)	(69,025)	(70,099)
FIXED ASSETS	34,409	169,226	247,024	229,349	228,039
DEFERRED EXPENDITURE	1,974	23,042	-	-	-
HIRE PURCHASE CREDITORS	-	-	-	(746)	(544)
TERM LOANS	-	(85,249)	(105,446)	(84,731)	(82,087)
	<u>25,000</u>	<u>70,000</u>	<u>63,590</u>	<u>74,847</u>	<u>75,309</u>
SHAREHOLDERS' FUNDS					
Share capital	25,000	70,000	80,000	100,000	100,000
Accumulated losses	-	-	(16,410)	(34,659)	(34,122)
Revaluation reserve	-	-	-	9,506	9,431
	<u>25,000</u>	<u>70,000</u>	<u>63,590</u>	<u>74,847</u>	<u>75,309</u>
NTA (Baht'000)	23,026	46,958	63,590	74,847	75,309
NTA per share (Baht)	0.92	0.67	0.79	0.75	0.75

XII. ACCOUNTANTS' REPORT (Cont'd)**5.9 The summarised balance sheets of TSSB are as follows:**

	← As at 31 January →					As at
	1996 RM '000	1997 RM '000	1998 RM '000	1999 RM '000	2000 RM '000	31.7.2000 RM '000
CURRENT ASSETS	64	648	928	1,245	1,313	1,390
CURRENT LIABILITIES	142	420	591	1,069	1,222	1,272
NET CURRENT (LIABILITIES)/ASSETS	(78)	228	337	176	91	118
FIXED ASSETS	141	154	240	207	158	138
DEFERRED EXPENDITURE	6	-	-	-	-	-
LEASE CREDITOR	(70)	(41)	(14)	-	-	-
	(1)	341	563	383	249	256
SHAREHOLDER'S FUNDS						
Share capital	100	500	500	500	500	500
(Accumulated losses)/retained profit	(101)	(159)	63	(117)	(251)	(244)
	(1)	341	563	383	249	256
(NTL)/NTA (RM'000)	(7)	341	563	383	249	256
(NTL)/NTA per share (RM)	(0.07)	0.68	1.13	0.77	0.50	0.51

XII. ACCOUNTANTS' REPORT (Cont'd)**5.10 The summarised balance sheets of ITSB are as follows:**

	← As at 31 March →					As at
	1996	1997	1998	1999	2000	31.7.2000
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
CURRENT ASSETS	20	18	2,523	7,271	15,635	15,290
CURRENT LIABILITIES	1	0	2,781	14,774	20,851	19,880
NET CURRENT ASSETS/(LIABILITIES)	19	18	(258)	(7,503)	(5,216)	(4,590)
FIXED ASSETS	-	-	17	60,515	69,896	69,001
DEFERRED EXPENDITURE	6	7	266	469	411	379
TERM LOANS	-	-	-	(34,500)	(6,156)	-
AL-IJARAH LEASE CREDITORS	-	-	-	(3,938)	(34,907)	(38,127)
HIRE PURCHASE CREDITORS	-	-	-	(18)	(14)	(73)
	25	25	25	15,025	24,012	26,590
SHAREHOLDERS' FUND						
Share capital	25	25	25	15,025	20,000	20,000
Revaluation reserve	-	-	-	-	1,789	1,789
Retained profit	-	-	-	-	2,223	4,801
	25	25	25	15,025	24,012	26,590
NTA /(NTL) (RM'000)	19	18	(241)	14,556	22,388	26,211
NTA /(NTL) per share (RM)	0.76	0.72	(9.64)	0.97	1.12	1.31

XII. ACCOUNTANTS' REPORT (Cont'd)

5.11 The summarised balance sheets of TSB are as follows:

	← As at 31 January →			As at
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>31.7.2000</u>
	RM '000	RM '000	RM '000	RM '000
CURRENT ASSET	0*	0*	0*	0*
CURRENT LIABILITIES	4	8	12	14
NET CURRENT LIABILITIES	(4)	(8)	(12)	(14)
DEFERRED EXPENDITURE	4	8	12	14
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
SHAREHOLDER'S FUNDS				
Share capital	<u>0*</u>	<u>0*</u>	<u>0*</u>	<u>0*</u>
NTL (RM'000)	(4)	(8)	(12)	(13)
NTL per share (RM)	(2,000)	(4,000)	(6,000)	(7,000)

* The current assets and issued and paid-up share capital is RM2.

XII. ACCOUNTANTS' REPORT (Cont'd)**5.12 The summarised balance sheet of MSB are as follows:**

	← As at 31 January →			As at
	1998 RM '000	1999 RM '000	2000 RM '000	31.7.2000 RM '000
CURRENT ASSET	0*	0*	0*	0*
CURRENT LIABILITIES	4	8	12	14
NET CURRENT LIABILITIES	(4)	(8)	(12)	(14)
DEFERRED EXPENDITURE	4	8	12	14
	0	0	0	0
SHAREHOLDER'S FUNDS				
Share capital	0*	0*	0*	0*
NTL (RM'000)	(4)	(8)	(12)	(14)
NTL per share (RM)	(2,000)	(4,000)	(6,000)	(7,000)

* The current assets and issued and paid-up share capital is RM2.

XII. ACCOUNTANTS' REPORT (Cont'd)**5.13 The summarised balance sheets of DRSSB are as follows:**

	← As at 31 December →				
	<u>1996</u> RM'000	<u>1997</u> RM,000	<u>1998</u> RM	<u>1999</u> RM	<u>31.7.00</u> RM
CURRENT ASSETS	7,058	5,691	16,629	13,966	11,660
CURRENT LIABILITIES	6,598	5,251	10,727	8,049	3,799
NET CURRENT ASSETS	460	440	5,902	5,917	7,861
FIXED ASSETS	278	812	653	1,236	1,030
DEFERRED TAXATION	-	-	(80)	(12)	-
	<u>738</u>	<u>1,252</u>	<u>6,475</u>	<u>7,141</u>	<u>8,891</u>
SHAREHOLDERS' FUNDS					
Share capital	500	750	750	750	750
Retained profits	238	502	5,725	6,391	8,141
	<u>738</u>	<u>1,252</u>	<u>6,475</u>	<u>7,141</u>	<u>8,891</u>
NTA (RM'000)	738	1,252	6,475	7,141	8,891
NTA per share (RM)	1.48	1.67	8.63	9.52	11.85

XII. ACCOUNTANTS' REPORT (Cont'd)**5.14 The summarised balance sheets of SPSSB are as follows:**

	← As at 31 January →				As at
	1997 RM '000	1998 RM '000	1999 RM '000	2000 RM '000	31.7.2000 RM '000
CURRENT ASSETS	0*	0*	1,885	7,698	438
CURRENT LIABILITIES	1	4	2,534	7,635	819
NET CURRENT (LIABILITIES)/ASSETS	(1)	(4)	(649)	63	(381)
FIXED ASSETS	-	-	565	470	407
DEFERRED EXPENDITURE	1	4	3	3	2
HIRE PURCHASE CREDITORS	-	-	(23)	(17)	(24)
DEFERRED TAXATION	-	-	-	(27)	(27)
	0	0	(104)	492	(23)
SHAREHOLDERS' FUND/(DEFICIT)					
Share capital	0*	0*	100	250	250
Revaluation Reserves	-	-	-	-	-
(Accumulated losses)/retained profit	-	-	(204)	242	(273)
	0	0	(104)	492	(23)
(NTL)/NTA (RM'000)	(1)	(4)	(107)	489	(25)
(NTL)/NTA per share (RM)	(500)	(2,000)	(1.07)	1.96	(0.10)

* The current assets and issued and paid-up share capital is RM2.

XII. ACCOUNTANTS' REPORT (Cont'd)**5.15 The summarised balance sheets of SIV are as follows:**

	← As at 31 January →			
	<u>1997</u> RM '000	<u>1998</u> RM '000	<u>1999</u> RM '000	<u>2000</u> RM '000
CURRENT ASSETS	58	72	4	7
CURRENT LIABILITIES	176	864	2,218	2,237
NET CURRENT LIABILITIES	(118)	(792)	(2,214)	(2,230)
FIXED ASSETS	2	5	1,322	1,320
DEFERRED EXPENDITURE	166	887	992	-
	<u>50</u>	<u>100</u>	<u>100</u>	<u>(910)</u>
SHAREHOLDERS' FUND/(DEFICIT)				
Share capital	50	100	100	100
Accumulated losses	-	-	-	(1,010)
	<u>50</u>	<u>100</u>	<u>100</u>	<u>(910)</u>
NTL (RM'000)	(116)	(787)	(892)	(910)
NTL per share (RM)	(2.32)	(7.87)	(8.92)	(9.10)

XII. ACCOUNTANTS' REPORT (Cont'd)**6. STATEMENT OF ASSETS AND LIABILITIES**

The following is the Statement of Assets and Liabilities of ICB and the Proforma Group based on the audited accounts of its subsidiaries, MDSB, RESB, MPPSB IESB, IPSB, IRSB, TSSB, IAV, ITSB, TSB, MSB, and its associate companies, DRSSB, SPSSB AND SIV as at 31 July, 2000.

The statement of assets and liabilities of the Proforma Group is provided for illustrative purposes only and shows the effects of the acquisitions of ITSB, IPSB, MDSB and IESB on the assumption that they had been effected on 31 July, 2000 and should be read in conjunction with the notes thereon.

	Note	Ingress Corporation Berhad RM'000	Proforma 1 RM'000	Proforma 2 RM'000
CURRENT ASSETS				
Cash and bank balances	6.2	0*	15,187	16,904
Trade debtors	6.3	-	37,700	37,700
Other debtors	6.4	-	16,203	16,203
Stocks	6.5	-	7,285	7,285
Contract work-in-progress	6.6	-	26,094	26,094
Due from associated companies	6.7	-	988	988
		<u>0</u>	<u>103,457</u>	<u>105,174</u>
CURRENT LIABILITIES				
Short term borrowings	6.8	-	32,291	32,291
Trade creditors		-	33,794	33,794
Other creditors		176	46,506	40,797
Taxation		-	4,631	4,631
Proposed dividend	6.9	-	43	43
		<u>176</u>	<u>117,265</u>	<u>111,556</u>
NET CURRENT LIABILITIES		(176)	(13,808)	(6,382)
FIXED ASSETS	6.10	-	152,430	158,529
INVESTMENT IN ASSOCIATED COMPANIES	6.11	-	6,912	6,912
DEVELOPMENT COST		-	6,103	6,103
DEFERRED EXPENDITURE	6.12	176	2,365	2,365
GOODWILL ON CONSOLIDATION		-	668	668
MINORITY INTERESTS		-	(14,324)	(14,324)
TERM LOANS	6.13	-	(14,174)	(8,733)
AL-IJARAH, LEASE AND HIRE PURCHASE CREDITORS	6.14	-	(44,607)	(43,623)
DEFERRED TAXATION	6.15	-	(181)	(181)
		<u>0</u>	<u>81,384</u>	<u>101,334</u>

XII. ACCOUNTANTS' REPORT (Cont'd)

	Note	Ingress Corporation Berhad RM '000	Proforma 1 RM'000	Proforma 2 RM'000
SHAREHOLDERS' FUNDS				
Share capital	6.16	0*	54,250	64,000
Share premium	6.17	-	180	10,380
Reserve on consolidation			26,954	26,954
		<u>0</u>	<u>81,384</u>	<u>101,334</u>
Net tangible assets		<u>0</u>	<u>78,351</u>	<u>98,301</u>
Number of ordinary shares ('000)		<u>0</u>	<u>54,250</u>	<u>64,000</u>
Net tangible assets per ordinary share		<u>1</u>	<u>1.44</u>	<u>1.54</u>

* The cash and issued and paid up capital is RM2.

XII. ACCOUNTANTS' REPORT (Cont'd)

6.1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts are prepared under the historical cost convention, modified by the revaluation of leasehold land and building and comply with applicable approved accounting standards in Malaysia.

(b) Basis of Consolidation

The consolidated accounts include the accounts of the Company and all its subsidiaries made up to the end of the financial year. The results of subsidiaries are included in the consolidated profit and loss account from the date of their acquisition. Related party transactions are eliminated on consolidation and the consolidated accounts reflect external transactions only.

The excess of the purchase price over the fair value of the net assets of subsidiaries at the date of acquisition is included in the consolidated balance sheet as goodwill arising on consolidation. Goodwill arising on consolidation is amortised over ten years, with full year amortisation charged in the year of acquisition.

(c) Associated Company

The Group treats as an associated company the company in which a long term equity interest of between 20 and 50 per cent is held and where it exercises significant influence through management participation.

The Group's share of profits less losses of associated company is included in the consolidated profit and loss account and the Group's interest in associated company is stated at cost plus adjustments to reflect changes in the Group's share of the net assets of the associated company.

(d) Investments

Investments in subsidiaries, associated companies and other long term investments are stated at cost less provision for any permanent diminution in value.

(e) Recognition of Income

The earnings from contract-in-progress are determined on the percentage of completion method of accounting. All anticipated losses on the contracts are fully provided for. The percentage of completion is measured by reference to the actual cost incurred.

XII. ACCOUNTANTS' REPORT (Cont'd)

(f) Contract Work-In-Progress

Contract work-in-progress comprises construction expenditure valued at cost plus attributable profits less foreseeable losses and progress billings. Costs include materials, labour and direct overheads.

(g) Fixed Assets and Depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation.

Freehold land is not depreciated. Leasehold land is depreciated over the period of the lease. Depreciation of other fixed assets is provided on a straight line basis calculated to write off the cost or valuation of each asset over its estimated useful life.

The principal annual rates of depreciation are:

Leasehold land	Over 90 years
Building	2% - 20%
Plant and machinery	10% - 20%
Motor vehicles, office equipment, furniture and fittings and office renovations	20%

Land and buildings are stated at directors' valuation based on independent professional valuer's report. Additions subsequent to the date of valuation are stated at cost. It is the Company's policy to appraise the land and buildings periodically and at least once in every three years, by an independent professional valuer based on open market value or other relevant basis.

Any surplus or deficit arising from the revaluation will be dealt with in the Revaluation Reserve account only to the extent of a surplus credited from the previous revaluation of the respective land and buildings and the excess of the deficit is charged to the profit and loss account.

(h) Deferred Expenditure

Deferred expenditure comprises preliminary, pre-operating expenditure and expenditure incurred in developing new products which is capitalised until commencement of commercial production. This is amortised over a period not exceeding five years.

(i) Stocks

Stocks are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost of finished goods and work-in-progress includes direct materials, direct labour and appropriate production overheads.

XII. ACCOUNTANTS' REPORT (Cont'd)

(j) Deferred Taxation

Deferred taxation is provided under the liability method in respect of all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

(k) Currency Conversion and Translation

Transactions in foreign currencies during the year are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transactions date. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating those ruling on that date. All exchange gains or losses are dealt with in the profit and loss account.

(l) Leased Assets

The costs of assets acquired under finance lease agreements are capitalised. The depreciation policy on these assets is similar to that of the Group's other assets as set out in (e) above. Outstanding obligations due under the lease agreements after deducting finance expenses are included as liabilities in the accounts. The finance expenses are charged to the profit and loss account over the period of the respective agreements.

(m) Hire Purchase

The costs of the assets under hire purchase agreements are capitalised. The depreciation policy on these assets is similar to that of the Group's other assets as set out in (g) above. Outstanding obligations due under the hire purchase agreements after deducting interest expenses on instalments are included as liabilities in the accounts. The interest expense of the hire purchase instalments are charged to the profit and loss accounts on the straight line basis over the period of the respective agreements.

(n) Development Cost

Development cost relates to costs incurred for the development of GX project machineries. The costs will be capitalised as fixed assets upon completion of the machineries and commencement of production.

(o) Unincorporated Joint Ventures

The interests of the Group in the unincorporated Joint Ventures are included in the accounts of the Group using the proportionate consolidation method. Under the proportionate consolidation method, the Group records, on a line-by-line basis, its proportionate share of the joint venture's assets, liabilities, revenues and expenses.

XII. ACCOUNTANTS' REPORT (Cont'd)**6.2 CASH AND BANK BALANCES**

	Ingress Corporation Berhad	Proforma 1	Proforma 2
	RM'000	RM'000	RM'000
Cash in hand and at bank	0*	5,216	6,933
Deposits with licensed banks	-	9,971	9,971
	<u>0</u>	<u>15,187</u>	<u>16,904</u>

* The cash in hand is RM2

** The proforma cash in hand and at banks include the proceeds from the proposed Public Issue net of listing expenses of RM1.5 million.

6.3 TRADE DEBTORS

	Ingress Corporation Berhad	Proforma 1	Proforma 2
	RM'000	RM'000	RM'000
Trade debtors	-	28,815	28,815
Retention sum	-	8,916	8,916
	<u>-</u>	<u>37,731</u>	<u>37,731</u>
Less: Provision for doubtful debt	-	(31)	(31)
	<u>-</u>	<u>37,700</u>	<u>37,700</u>

6.4 OTHER DEBTORS

	Ingress Corporation Berhad	Proforma 1	Proforma 2
	RM'000	RM'000	RM'000
Other debtors	-	16,225	16,225
Less : Provision for doubtful debt	-	(22)	(22)
	<u>-</u>	<u>16,203</u>	<u>16,203</u>

XII. ACCOUNTANTS' REPORT (Cont'd)6.5 STOCKS

	Ingress Corporation Berhad	Proforma 1	Proforma 2
	RM'000	RM'000	RM'000
Raw materials and consumables	-	4,654	4,654
Work-in-progress	-	1,561	1,561
Finished goods	-	919	919
Spare Parts	-	151	151
	<u>-</u>	<u>7,285</u>	<u>7,285</u>

6.6 CONTRACT WORK-IN-PROGRESS

	Ingress Corporation Berhad	Proforma 1	Proforma 2
	RM'000	RM'000	RM'000
Accumulated costs	-	93,615	93,615
Accumulated attributable profits	-	16,079	16,079
	<u>-</u>	<u>109,694</u>	<u>109,694</u>
Accumulated progress billings	-	(83,600)	(83,600)
	<u>-</u>	<u>26,094</u>	<u>26,094</u>

6.7 DUE FROM ASSOCIATED COMPANIES

	Ingress Corporation Berhad	Proforma 1	Proforma 2
	RM'000	RM'000	RM'000
Due from associated companies	-	1,240	1,240
Less: Provision for doubtful debt	-	(252)	(252)
	<u>-</u>	<u>988</u>	<u>988</u>

XII. ACCOUNTANTS' REPORT (Cont'd)**6.8 SHORT TERM BORROWINGS**

	Ingress Corporation Berhad	Proforma 1	Proforma 2
	RM'000	RM'000	RM'000
Secured:			
Bank overdrafts	-	4,236	4,236
Bills payable and trust receipts	-	293	293
	-	4,529	4,529
Amount repayable within twelve months:			
- Term loan	-	8,577	8,577
Unsecured:			
Bankers Acceptance	-	800	800
Bank overdrafts	-	1,389	1,389
Bills payable and trust receipts	-	2,132	2,132
Revolving credits	-	14,864	14,864
	-	19,185	19,185
Total short term borrowings	-	32,291	32,291

6.9 PROPOSED DIVIDEND

	Ingress Corporation Berhad	Proforma 1	Proforma 2
	RM'000	RM'000	RM'000
Preference dividend of 4%(less 28% taxation)	-	43	43

6.10 FIXED ASSETS

	Ingress Corporation Berhad	Proforma 1	
	Cost/Accumulated depreciation/Net Book Value	Cost	Accumulated Depreciation
	RM'000	RM'000	RM'000
			Net Book Value
			RM'000
VALUATION			
Freehold land	-	7,304	-
Leasehold land	-	7,400	-
Building	-	19,596	92
	-	34,300	92
			34,208

XII. ACCOUNTANTS' REPORT (Cont'd)

		<u>Cost</u>	<u>Accumulated</u>	<u>Net Book</u>
		RM'000	Depreciation	Value
		RM'000	RM'000	RM'000
COST				
Freehold land	-	3,653	-	3,653
Buildings	-	5,799	553	5,246
Plant and machinery	-	145,498	45,642	99,856
Motor vehicles, office equipment, furniture and fittings and office renovations	-	10,627	5,247	5,380
Factory equipment and renovations	-	4,846	759	4,087
	-	170,423	52,201	118,222
TOTAL	-	204,723	52,293	152,430

		<u>Cost</u>	<u>Accumulated</u>	<u>Net Book</u>
		RM'000	Depreciation	Value
		RM'000	RM'000	RM'000
Proforma 2				
VALUATION				
Freehold land		7,304	-	7,304
Leasehold land		7,400	-	7,400
Building		19,596	92	19,504
		34,300	92	34,208
COST				
Freehold land		3,653	-	3,653
Buildings		11,899	553	11,346
Plant and machinery		145,498	45,642	99,856
Motor vehicles, office equipment, furniture and fittings and office renovations		10,627	5,247	5,380
Factory equipment and renovations		4,846	759	4,087
		176,523	52,201	124,322
TOTAL		210,823	52,293	158,530

XII. ACCOUNTANTS' REPORT (Cont'd)**6.11 INVESTMENT IN ASSOCIATED COMPANIES**

	Ingress Corporation Berhad RM'000	Proforma 1 RM'000	Proforma 2 RM'000
<u>Interest in associated company</u>			
Unquoted shares, at cost	-	3,166	3,166
Group's share of post acquisition retained profits less losses	-	3,746	3,746
	<u>-</u>	<u>6,912</u>	<u>6,912</u>

6.12 DEFERRED EXPENDITURE

	Ingress Corporation Berhad RM'000	Proforma 1 RM'000	Proforma 2 RM'000
<u>Preliminary and pre-operating expenditure:</u>			
Balance as at 1 February	8	2,903	2,903
Increase during the period	168	674	674
Amortisation for the period	-	(1,212)	(1,212)
	<u>176</u>	<u>2,365</u>	<u>2,365</u>

6.13 TERM LOANS

	Ingress Corporation Berhad RM'000	Proforma 1 RM'000	Proforma 2 RM'000
Term loans with licensed banks	-	22,751	17,310
Repayment due within 12 months included under short term borrowings	-	(8,577)	(8,577)
	<u>-</u>	<u>14,174</u>	<u>8,733</u>

XII. ACCOUNTANTS' REPORT (Cont'd)**6.14 AL-IJARAH, LEASE AND HIRE PURCHASE CREDITORS**

	Ingress Corporation Berhad	Proforma 1	Proforma 2
	RM'000	RM'000	RM'000
Al-Ijarah, lease and hire purchase creditors	-	69,958	68,886
Interest in suspense	-	(14,738)	(14,650)
	-	55,220	54,236
Repayment due within 12 months included under short term borrowings	-	(10,613)	(10,613)
	-	44,607	43,623

6.15 DEFERRED TAXATION

	Ingress Corporation Berhad	Proforma 1	Proforma 2
	RM'000	RM'000	RM'000
At beginning/end of the period	-	181	181

6.16 SHARE CAPITAL

	Ingress Corporation Berhad	Proforma 1	Proforma 2
	RM'000	RM'000	RM'000
Ordinary shares of RM1 each			
Authorised	1,000	100,000	100,000
Issued and fully paid:			
As at 1 February	0*	45,000	45,000
Issued during the year	-	9,250	9,250
Public Issue	-	-	9,750
As at 31 July	0	54,250	64,000

*The issued and paid-up share capital is RM2.

6.17 SHARE PREMIUM

The share premium account is in relation to share premium arising from the public issue.

XII. ACCOUNTANTS' REPORT (Cont'd)

6.18 CAPITAL COMMITMENTS

	Ingress Corporation Berhad RM'000	<u>Proforma 1</u> RM'000	<u>Proforma 2</u> RM'000
Authorised and contracted for	-	2,352	2,352
Authorised but not contracted for	-	34,194	34,194

XII. ACCOUNTANTS' REPORT (Cont'd)

7 PROFORMA CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 FEBRUARY, 2000 TO 31 JULY, 2000.

	1.2.2000
	to
	<u>31.7.2000</u>
	RM'000
CASH FLOW FROM OPERATING ACTIVITIES	
Collections from customers	91,784
Payment to creditors and employees	(70,567)
Other income received	2,446
Income tax paid	(1,719)
Net cash generated from operating activities	<u>21,944</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(23,358)
Purchase of investment	(1,530)
Net cash used in investing activities	<u>(24,888)</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Net withdrawal of secured deposits	4,279
Drawdown of term loan and other credit facilities	19,671
Repayment of term loan and other credit facilities	(16,589)
Interests paid	(5,387)
Net cash generated from financing activities	<u>1,974</u>
Net decrease in cash and cash equivalents	(970)
Cash and cash equivalents as at beginning of the year	<u>(14,128)</u>
Cash and cash equivalents as at end of the year	<u><u>(15,098)</u></u>

XII. ACCOUNTANTS' REPORT (Cont'd)**8. NET TANGIBLE ASSETS COVER**

The proforma 2 net tangible assets cover of Ingress Corporation based on the statement of assets and liabilities as at 31 July, 2000 set out in Section 8 above is as follows:

	RM'000
Net assets as per Proforma 1 accounts as at 31 July, 2000	101,334
Less: Intangible Assets	<u>(3,033)</u>
Proforma net tangible assets	<u><u>98,301</u></u>

Number of Ingress Corporation shares of RM1.00 each that are in issue:

	No. of shares
	'000
Ordinary shares	
As at 31 July, 2000	-*
Issue pursuant to acquisition of subsidiaries	51,988
Proposed Public issue	9,750
Proposed Offer for sale	<u>2,262</u>
Issued and paid-up share capital of the Company	<u><u>64,000</u></u>

* *The issued and paid-up share capital is RM2.*

On the basis of the issued and paid-up share capital of 64,000,000 ordinary shares of RM1.00 each, the net tangible assets cover per ordinary shares of Ingress Corporation is RM1.54.

9. AUDITED ACCOUNTS

No audited accounts of the Company and its subsidiaries have been prepared in respect of any period subsequent to 31 July, 2000.

Yours faithfully


ARTHUR ANDERSEN & CO.
 No. AF 0103
 Public Accountants


NIK RAHMAT KAMARULZAMAN BIN NIK AB. RAHMAN
 No. 1759/02/02 (J)
 Partner of the Firm