

10. ACCOUNTANTS' REPORT (Cont'd)

4.2.8 CLJ

	7.3.1997 to 31.12.1997 RM'000	Year ended 31 December 1998 RM'000	1999 RM'000	1.1.2000 to 30.9.2000 RM'000
Revenue	1,939	3,724	2,257	1,310
Haulage charges	(252)	(847)	(547)	(365)
Container charges	(188)	(602)	(423)	(174)
Freight charges	(375)	(933)	(464)	(127)
Warehousing charges	-	(36)	(8)	(60)
Transportation charges	(134)	(93)	(113)	(113)
Staff costs	(246)	(352)	(302)	(270)
Other operating expenses	(696)	(795)	(335)	(307)
Profit/(loss) before interest, depreciation and taxation	48	66	65	(106)
Net finance costs	(9)	(34)	(3)	(17)
Depreciation	(10)	(26)	(25)	(21)
Profit/(loss) before taxation	29	6	37	(144)
Taxation	(13)	(7)	-	-
Profit/(loss) after taxation	16	(1)	37	(144)
Weighted average number of ordinary shares in issue ('000)	58 ⁽¹⁾	117 ⁽¹⁾	300	300
Gross earnings/(loss) per share (RM) ⁽²⁾	0.50	0.05	0.12	(0.64) ⁽⁴⁾
Net earnings/(loss) per share (RM) ⁽³⁾	0.28	(0.01)	0.12	(0.64) ⁽⁴⁾
Gross dividend rate (%)	-	-	-	-

Notes:

- (1) Being the weighted average number of ordinary shares in issue after taking into account new allotment of shares during the period/year.
- (2) Based on the profit/(loss) before taxation divided by the weighted average number of ordinary shares in issue.
- (3) Based on the profit/(loss) after taxation divided by the weighted average number of ordinary shares in issue.
- (4) Annualised.

Commentary:

- (1) There are no extraordinary or exceptional items in the financial periods/years under review.
- (2) CLJ was incorporated on 7 March, 1997.

10. ACCOUNTANTS' REPORT (Cont'd)

- (3) In 1997, revenue of RM1.939 million mainly comprises freight forwarding and warehousing services. CLJ experienced low PBIDTA due to the high administrative and human resource expenses. Revenue for 1998 amounted to RM3.724 million, registering an increase of 92% from the previous period as CLJ operated for a full year as compared to 6 months previously. CLJ's sales involved mainly bulk cargo and port activities. These port activities include demurrage and storage charges which were charged 'back to back', hence no profit element. However, these activities were undertaken with the intention to signify the existence of CLJ especially within the southern region and at the same time promote the Century Group's 'total logistics' concept to a wider market. CLJ experienced a low PBIDTA due to the high administrative costs such as salaries, wages and utilities. Revenue for 1999 amounted to RM2.257 million, registering a decrease of 47%. This was due to CLJ adopting the Group's income statement presentation where the revenue figure was stated as net of 'back to back' charges. For comparison purposes, the gross revenue for the year amounted to RM4.583 million or an improvement of 8%. The management has attributed this improvement to the recovery of the country's economy and from the result of promotions undertaken by the Group. Similar to previous years, CLJ experienced low PBIDTA due to high fixed expenses. For the 9 month period ended 30 September, 2000, revenue decreased to RM1.310 million due to stiff competition from other providers. The net loss incurred for the period is mainly due to high fixed expenses, similar to the previous years.
- (4) The effective tax rate for the period ended 31 December, 1997 was higher than the statutory tax rate due to certain expenses disallowed for taxation purposes. The effective tax rate for 1998 was substantially higher than the statutory tax rate as the company has incurred interest restriction amounting to RM23,000 for the year. There was no tax charge for 1999 as the amount payable has been waived in accordance with the Income Tax (Amendment) Act, 1999.

4.2.9 DFR

	Year ended 31 December					1.1.2000 to 30.9.2000
	1995	1996	1997	1998	1999	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	150	99	104	115	522	1,739
Haulage charges	-	-	-	-	(35)	(238)
Container charges	-	-	-	-	(21)	(128)
Freight charges	-	-	-	-	(9)	(85)
Staff costs	(128)	(88)	(100)	(84)	(72)	(87)
Other operating expenses	(25)	(15)	(6)	(19)	(249)	(1,009)
(Loss)/profit before interest, depreciation and taxation	(3)	(4)	(2)	12	136	192
Net finance costs	-	-	-	(7)	(23)	(42)
Depreciation	-	-	-	-	(77)	(59)
(Loss)/profit before taxation	(3)	(4)	(2)	5	36	91
Taxation	(1)	-	-	-	(2)	(34)
(Loss)/profit after taxation	(4)	(4)	(2)	5	34	57

10. ACCOUNTANTS' REPORT (Cont'd)

	Year ended 31 December					1.1.2000 to 30.9.2000
	1995	1996	1997	1998	1999	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Weighted average number of ordinary shares in issue ('000)	100	100	100	250 ⁽¹⁾	250	250
Gross (loss)/earnings per share (RM) ⁽²⁾	(0.03)	(0.04)	(0.02)	0.02	0.14	0.48 ⁽⁴⁾
Net (loss)/earnings per share (RM) ⁽³⁾	(0.04)	(0.04)	(0.02)	0.02	0.14	0.30 ⁽⁴⁾
Gross dividend rate (%)	-	-	-	-	-	-

Notes:

- (1) Being the weighted average number of ordinary shares in issue after taking into account new allotment of shares during the year.
- (2) Based on the (loss)/profit before taxation divided by the weighted average number of ordinary shares in issue.
- (3) Based on the (loss)/profit after taxation divided by the weighted average number of ordinary shares in issue.
- (4) Annualised.

Commentary:

- (1) There are no extraordinary or exceptional items in all the financial years/period under review.
- (2) Revenue for 1995 and 1996 were derived from service and transport arrangement charges for freight forwarding services. The reduction of the revenue in 1996 was attributed to the fact that revenue generated from transport arrangement has been transferred to CLS during the second half of 1996. DFR incurred losses in 1995 and 1996 mainly due to high staff salaries and wages. Revenue for 1997 and 1998 were from service charges for freight forwarding services. In 1999, revenue increased to RM522,000 as DFR is directly involved in the Group's freight forwarding operations. The streamlining of services within the Group with the transfer of the freight and forwarding division from CD has contributed to a more reflective PBIDTA being achieved by DFR. For the 9 month period ended 30 September, 2000, the revenue increased significantly to RM1.739 million as the revenue generated from freight forwarding services was for 9 months as compared with revenue generated from 2 months of similar operations for the previous year. However, the PBIDTA has not increased significantly due to competitive rates offered to its customers.
- (3) The minimal tax charge in 1995 was due to certain expenses which were disallowed for taxation purposes. There was no tax charge for 1996 as the company was in a tax loss position. There was no tax charge for 1997 and 1998 due to utilisation of unabsorbed business losses brought forward. There was no tax charge for 1999 as the amount payable has been waived in accordance with the Income Tax (Amendment) Act, 1999. The minimal tax charge in 1999 is due to under provision of taxation in respect of prior years. The effective tax rate for 2000 was higher than the statutory tax rate due to certain expenses disallowed for taxation purposes.

10. ACCOUNTANTS' REPORT (Cont'd)**4.2.10 BP**

	25.10.1994 to 31.12.1995 RM'000	← 1996 RM'000	Year ended 31 December		→ 1999 RM'000	1.1.2000 to 30.9.2000 RM'000
			1997 RM'000	1998 RM'000		
Revenue	24	39	2,703	18,562	27,471	34,836
Other operating income	46	90	84	18	16	22
Changes in stocks of finished goods	-	-	304	64	(368)	1,737
Raw materials and consumables used	-	-	(1,841)	(12,629)	(18,116)	(28,547)
Transportation charges	-	(2)	(237)	(2,607)	(2,910)	(1,402)
Staff costs	(43)	(139)	(477)	(794)	(1,143)	(1,622)
Other operating expenses	(30)	(104)	(395)	(1,056)	(2,225)	(1,865)
(Loss)/profit before interest, depreciation and taxation	(3)	(116)	141	1,558	2,725	3,159
Net finance costs	-	(1)	(26)	(28)	(7)	(10)
Depreciation	(7)	(36)	(68)	(166)	(168)	(221)
(Loss)/profit before taxation	(10)	(153)	47	1,364	2,550	2,928
Taxation	-	-	-	(360)	-	(942)
(Loss)/profit after taxation	(10)	(153)	47	1,004	2,550	1,986
Weighted average number of ordinary shares in issue ('000)	58 ⁽¹⁾	100	188 ⁽¹⁾	375 ⁽¹⁾	550	550
Gross (loss)/earnings per share (RM) ⁽²⁾	(0.17)	(1.53)	0.25	3.64	4.64	7.10 ⁽⁴⁾
Net (loss)/earnings per share (RM) ⁽³⁾	(0.17)	(1.53)	0.25	2.68	4.64	4.81 ⁽⁴⁾
Gross dividend rate (%)	-	-	-	-	-	-

Notes:

- (1) Being the weighted average number of ordinary shares in issue after taking into account new allotment of shares during the period/year.
- (2) Based on the (loss)/profit before taxation divided by the weighted average number of ordinary shares in issue.
- (3) Based on the (loss)/profit after taxation divided by the weighted average number of ordinary shares in issue.
- (4) Annualised.

10. ACCOUNTANTS' REPORT (Cont'd)

Commentary:

- (1) *There are no extraordinary or exceptional items in all the financial periods/years under review.*
- (2) *The revenue for 1995 and 1996 were mainly from the packing services. The other income was mainly from the management fees that were charged to directors related companies for administrative works. In 1997, BP commenced its core operational activities which is mainly in providing value added services during the year. The revenue of RM2.703 million was mainly from these value added services of assembling work on wireless telecommunications equipment. Revenue for 1998 amounted to RM18.562 million, representing an increase of 587%. The increase was attributed to BP expending its value added or Semi Knock-Down ("SKD") services to other products such as photocopiers, audio visual equipment and keyphones which contributed a better PBIDTA. Revenue recorded for 1999 was RM27.471 million, an improvement of 48%. It was mainly attributed to the increase in new customers and the volume for handphones and photocopiers as demand for these products have increased. The improvement in PBIDTA was mainly attributable to the higher value added services mix of the products and also higher assembling service price for its new customers in handphones and also photocopiers. The revenue for the 9 month period ended 30 September, 2000 continued to improve with a turnover of RM34.836 million as demands for handphones, photocopiers, fridge and washing machines have been on an upward trend.*
- (3) *There was no tax charge for 1995 and 1996 as BP was in a tax loss position. There was no tax charge for 1997 due to tax savings from utilisation of tax losses and unutilised capital allowances carried forward. The effective tax rate for 1998 was lower as compared to the statutory tax rate due to utilisation of the remaining tax losses and unutilised capital allowances brought forward from previous years. There was no tax charge for 1999 as the amount payable has been waived in accordance with the Income Tax (Amendment) Act, 1999. The effective tax rate for 2000 was higher than the statutory tax rate due to certain expenses being disallowed for taxation purposes.*

5. DIVIDENDS

There have been no dividends declared or paid by the subsidiaries in respect of the financial years/periods under review.

10. ACCOUNTANTS' REPORT (Cont'd)**6. SUMMARISED BALANCE SHEETS**

6.1 The consolidated balance sheets of the Group at the end of the relevant years/period are set out below:

	← 1997 RM'000	As at 31 December 1998 RM'000	→ 1999 RM'000	As at 30 September 2000 RM'000
CURRENT ASSETS				
Cash and bank balances	814	198	2,497	267
Deposits with licensed banks	775	1,030	1,536	1,485
Trade debtors	11,948	10,071	16,738	21,742
Other debtors and prepayments	3,359	3,131	5,274	2,977
	<u>16,896</u>	<u>14,430</u>	<u>26,045</u>	<u>26,471</u>
CURRENT LIABILITIES				
Bank overdrafts	8,847	10,183	10,351	12,293
Short term borrowings	1,264	1,434	995	1,582
Trade creditors	3,556	2,637	4,182	6,621
Other creditors and accruals	4,970	1,345	5,266	1,657
Hire purchase and lease creditors	915	812	1,169	1,255
Due to directors	-	-	47	-
Taxation	2,092	2,107	610	1,087
	<u>21,644</u>	<u>18,518</u>	<u>22,620</u>	<u>24,495</u>
NET CURRENT (LIABILITIES)/ASSETS	(4,748)	(4,088)	3,425	1,976
SUBSIDIARIES	1,301	1,889	-	-
FIXED ASSETS	29,271	29,119	29,383	37,536
DEFERRED EXPENDITURE	85	135	166	631
GOODWILL ON CONSOLIDATION	306	393	393	393
TERM LOANS	(7,604)	(7,768)	(7,330)	(10,574)
HIRE PURCHASE CREDITORS	(1,392)	(925)	(667)	(1,477)
DEFERRED TAXATION	(311)	(224)	(250)	(610)
MINORITY INTERESTS	(141)	(175)	(196)	(164)
	<u>16,767</u>	<u>18,356</u>	<u>24,924</u>	<u>27,711</u>
SHAREHOLDERS' FUNDS				
Share capital	15,195	15,375	16,900	16,900
Share premium	-	-	50	50
Retained profits	1,572	2,981	7,974	10,761
	<u>16,767</u>	<u>18,356</u>	<u>24,924</u>	<u>27,711</u>
Net tangible assets per share (RM)	2.32	1.17	1.52	1.58

10. ACCOUNTANTS' REPORT (Cont'd)

6.2 We provide below the audited results of each of the companies within the Group for the relevant years/periods.

6.2.1 CLH

	← <u>1997</u> RM'000	As at 31 December <u>1998</u> RM'000	→ <u>1999</u> RM'000	As at 30 September <u>2000</u> RM'000
CURRENT ASSETS				
Cash and bank balances	-	7	2,107	1
Sundry debtors	-	-	709	3
Due from subsidiaries	-	85	3,621	6,049
	-	92	6,437	6,053
CURRENT LIABILITIES				
Sundry creditors	69	75	4,190	160
Due to directors	-	-	47	-
Due to subsidiaries	176	1,035	-	-
Taxation	-	11	11	36
	245	1,121	4,248	196
NET CURRENT (LIABILITIES)/ASSETS	(245)	(1,029)	2,189	5,857
SUBSIDIARIES	15,348	16,289	14,794 ^	14,794
INTANGIBLE ASSETS	85	135	166	631
TERM LOANS	-	-	-	(4,135)
	15,188	15,395	17,149	17,147
SHAREHOLDERS' FUNDS				
Share capital	15,195	15,375	16,900	16,900
Share premium	-	-	50 *	50
(Loss for the period)/retained profits	(7)	20	199	197
	15,188	15,395	17,149	17,147
Net tangible assets per share (RM)	2.14	1.00	1.06	0.98

^ - The company disposed off the subsidiaries on 14 September, 1999 where its controlling interests were temporary.

* - On 27 August, 1999, the company issued 500,000 new ordinary shares of RM1.00 each at an issue price of RM1.10 per share.

10. ACCOUNTANTS' REPORT (Cont'd)

6.2.2 CLS

	As at 31 December					As at
	1995	1996	1997	1998	1999	30 September
	RM'000	RM'000	RM'000	RM'000	RM'000	2000
CURRENT ASSETS						
Cash and bank balances	118	80	145	33	55	80
Deposits with licensed banks	33	33	35	-	-	-
Trade debtors	3,158	6,068	7,678	4,681	10,644	9,638
Other debtors and prepayments	233	230	1,331	1,706	2,104	1,665
Due from holding company	-	-	186	1,134	-	-
Due from subsidiaries	-	-	563	548	50	773
Due from fellow subsidiaries	-	-	3,370	2,624	1,755	2,886
	3,542	6,411	13,308	10,726	14,608	15,042
CURRENT LIABILITIES						
Bank overdrafts	94	1,962	6,546	6,788	6,641	8,637
Short term borrowings	202	25	441	441	441	589
Trade creditors	1,184	2,031	1,824	813	2,136	1,892
Other creditors and accruals	599	1,197	839	286	35	580
Hire purchase creditors	130	407	670	708	500	491
Due to directors	538	160	-	-	-	-
Due to holding company	-	-	-	-	1,690	3,092
Due to subsidiaries	-	145	48	-	761	-
Due to fellow subsidiaries	-	-	876	10	-	132
Taxation	591	1,424	1,604	1,459	9	83
	3,338	7,351	12,848	10,505	12,213	15,496
NET CURRENT ASSETS/ (LIABILITIES)	204	(940)	460	221	2,395	(454)
SUBSIDIARIES	-	57	297	297	477	477
FIXED ASSETS	5,872	13,842	16,130	16,782	15,976	19,849
CAPITAL EXPENDITURE-IN- PROGRESS	104	-	-	-	-	-
TERM LOANS	(3,966)	(2,255)	(3,528)	(3,087)	(2,646)	(2,498)
HIRE PURCHASE CREDITORS	(274)	(854)	(1,133)	(905)	(414)	(147)
DEFERRED TAXATION	(100)	(157)	(157)	(157)	(157)	(307)
	1,840	9,693	12,069	13,151	15,631	16,920
SHAREHOLDER'S FUNDS						
Share capital	300	300	300	300	300	300
Capital reserves	131	5,700	5,612	5,612	5,612	5,612
Retained profits	1,409	3,693	6,157	7,239	9,719	11,008
	1,840	9,693	12,069	13,151	15,631	16,920
Net tangible assets per share (RM)	6.13	32.31	40.23	43.84	52.10	56.40

10. ACCOUNTANTS' REPORT (Cont'd)

6.2.3 CD

	← 1997 RM'000	As at 31 December 1998 RM'000	→ 1999 RM'000	As at 30 September 2000 RM'000
CURRENT ASSETS				
Cash and bank balances	51	34	1	14
Deposits with a licensed bank	-	-	350	387
Trade debtors	1,109	1,221	814	5,449
Other debtors and prepayments	4	79	42	20
Due from holding company	-	-	333	-
Due from fellow subsidiaries	1	-	385	767
	1,165	1,334	1,925	6,637
CURRENT LIABILITIES				
Bank overdrafts	-	-	399	400
Trade creditors	192	382	12	214
Other creditors and accruals	119	111	198	162
Hire purchase creditors	-	26	26	149
Due to ultimate holding company	-	-	517	598
Due to holding company	616	267	-	659
Due to fellow subsidiaries	-	114	196	4,179
Taxation	32	78	32	74
	959	978	1,380	6,435
NET CURRENT ASSETS	206	356	545	202
FIXED ASSETS	184	162	135	933
HIRE PURCHASE CREDITORS	-	(51)	(25)	(317)
DEFERRED TAXATION	-	-	-	(10)
	390	467	655	808
SHAREHOLDER'S FUNDS				
Share capital	300	300	300	300
Retained profits	90	167	355	508
	390	467	655	808
Net tangible assets per share (RM)	1.30	1.56	2.18	2.69

10. ACCOUNTANTS' REPORT (Cont'd)

6.2.4 CHM

	As at 31 December					As at
	1995	1996	1997	1998	1999	30 September 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CURRENT ASSETS						
Cash and bank balances	15	6	2	48	119	39
Trade debtors	139	3	3	624	1,600	2,859
Other debtors and prepayments	-	-	4	44	1,257	612
Due from directors	38	-	-	-	-	-
Due from holding company	-	145	49	-	428	-
Due from fellow subsidiaries	-	-	-	41	154	1,150
	192	154	58	757	3,558	4,660
CURRENT LIABILITIES						
Trade creditors	2	2	1	312	1,217	1,275
Other creditors and accruals	129	5	2	197	222	269
Hire purchase creditors	-	-	-	-	459	467
Due to a director	-	90	-	-	-	-
Due to ultimate holding company	-	-	-	-	1,066	1,224
Due to holding company	-	-	-	157	-	114
Due to fellow subsidiaries	-	-	-	26	-	60
Taxation	4	-	-	9	9	444
	135	97	3	701	2,973	3,853
NET CURRENT ASSETS	57	57	55	56	585	807
FIXED ASSETS	-	-	-	49	1,356	2,978
HIRE PURCHASE CREDITORS	-	-	-	-	(139)	(913)
DEFERRED TAXATION	-	-	-	-	(26)	(80)
	57	57	55	105	1,776	2,792
SHAREHOLDER'S FUNDS						
Share capital	50	50	50	50	50	50
Retained profits	7	7	5	55	1,726	2,742
	57	57	55	105	1,776	2,792
Net tangible assets per share (RM)	1.14	1.14	1.10	2.10	35.52	55.84

10. ACCOUNTANTS' REPORT (Cont'd)

6.2.5 SM

	As at 31 December					As at
	1995	1996	1997	1998	1999	30 September 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CURRENT ASSETS						
Cash and bank balances	121	6	2	8	4	23
Deposits with a licensed bank	110	250	253	257	257	231
Trade debtors	1,062	1,672	1,148	1,370	1,480	1,295
Other debtors and prepayments	656	270	1,295	454	583	506
Due from directors	66	-	-	-	-	-
Due from a subsidiary	-	5,004	5,290	7,461	7,348	7,002
Due from fellow subsidiaries	-	-	-	-	17	192
	2,015	7,202	7,988	9,550	9,689	9,249
CURRENT LIABILITIES						
Bank overdrafts	-	1,192	1,306	2,267	2,122	2,332
Short term borrowings	-	823	823	993	555	993
Trade creditors	247	1,261	659	604	285	350
Other creditors and accruals	492	761	705	287	154	194
Hire purchase creditors	-	-	-	-	33	31
Due to holding company	-	-	-	-	491	1,075
Due to fellow subsidiaries	-	-	1,288	1,223	1,383	1,156
Due to a director	-	-	-	-	-	13
Taxation	303	415	433	521	521	296
	1,042	4,452	5,214	5,895	5,544	6,440
NET CURRENT ASSETS	973	2,750	2,774	3,655	4,145	2,809
SUBSIDIARY	-	1,463	1,463	1,463	1,463	1,463
FIXED ASSETS	509	1,491	1,366	1,036	748	1,617
TERM LOAN	-	(4,060)	(4,077)	(4,681)	(4,683)	(3,941)
HIRE PURCHASE CREDITORS	-	-	-	-	(30)	(33)
DEFERRED TAXATION	(8)	(44)	(56)	(17)	(17)	(92)
	1,474	1,600	1,470	1,456	1,626	1,823
SHAREHOLDER'S FUNDS						
Share capital	370	800	800	800	800	800
Share application monies	430	-	-	-	-	-
Retained profits	674	800	670	656	826	1,023
	1,474	1,600	1,470	1,456	1,626	1,823
Net tangible assets per share (RM)	3.98	2.00	1.84	1.82	2.03	2.28

10. ACCOUNTANTS' REPORT (Cont'd)**6.2.6 SR**

	As at 31 December					As at
	1995	1996	1997	1998	1999	30 September 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CURRENT ASSETS						
Bank balances	4	23	4	3	117	1
Deposits with a licensed bank	54	57	61	62	67	67
Other debtors and prepayments	12	13	9	41	237	48
Due from fellow subsidiaries	-	-	200	212	28	158
	70	93	274	318	449	274
CURRENT LIABILITIES						
Short term borrowing	227	-	-	-	-	-
Other creditors and accruals	25	44	2,207	59	58	66
Due to ultimate holding company	-	-	-	-	7	7
Due to holding company	653 ^	5,004 ^^	5,290	7,461	7,330	7,001
Due to fellow subsidiaries	-	-	-	-	28	763
Taxation	1	1	9	9	8	8
	906	5,049	7,506	7,529	7,431	7,845
NET CURRENT LIABILITIES	(836)	(4,956)	(7,232)	(7,211)	(6,982)	(7,571)
FIXED ASSETS	4,879	8,483	10,600	10,589	10,398	10,965
TERM LOAN	(2,394)	-	-	-	-	-
DEFERRED TAXATION	(62)	(98)	(98)	(50)	(50)	(90)
	1,587	3,429	3,270	3,328	3,366	3,304
SHAREHOLDER'S FUNDS						
Share capital	900	900	900	900	900	900
Revaluation reserve	719	2,647	2,588 *	2,588	2,588	2,588
Accumulated losses	(32)	(118)	(218)	(160)	(122)	(184)
	1,587	3,429	3,270	3,328	3,366	3,304
Net tangible assets per share (RM)	1.76	3.81	3.63	3.70	3.74	3.67

^ - The holding company for the year ended 31 December, 1995 was Shield Gloves Manufacturer Sdn. Bhd., a director related company.

^^ - The holding company since 18 April, 1996 is Storewell (M) Sdn. Bhd.

* - The revaluation reserve was stated after taking into account the effect of the revaluation exercises on 27 December, 1996 and 31 December, 1997 for land and building.

10. ACCOUNTANTS' REPORT (Cont'd)

6.2.7 CFS

	As at 31 December				As at
	1996	1997	1998	1999	30 September 2000
	RM'000	RM'000	RM'000	RM'000	RM'000
CURRENT ASSETS					
Cash and bank balances	7	-	40	2	6
Deposits with licensed banks	30	200	287	420	355
Trade debtors	1,023	1,296	1,151	945	1,154
Other debtors and prepayments	199	295	132	120	14
Due from holding company	-	-	-	8	-
Due from fellow subsidiaries	-	573	645	489	3,986
	1,259	2,364	2,255	1,984	5,515
CURRENT LIABILITIES					
Bank overdrafts	-	664	755	694	481
Trade creditors	912	244	195	215	2,616
Other creditors and accruals	831	187	99	188	127
Hire purchase creditors	150	212	64	11	13
Due to holding company	-	-	-	-	54
Due to fellow subsidiaries	-	1,952	1,107	561	1,935
Taxation	-	-	-	-	120
	1,893	3,259	2,220	1,669	5,346
NET CURRENT (LIABILITIES)/ASSETS	(634)	(895)	35	315	169
FIXED ASSETS	629	848	365	309	794
HIRE PURCHASE CREDITORS	(294)	(209)	(10)	-	(67)
DEFERRED TAXATION	-	-	-	-	(20)
	(299)	(256)	390	624	876
SHAREHOLDER'S (DEFICITS)/FUNDS					
Share capital	100	100	600	600	600
(Accumulated losses)/ retained profits	(399)	(356)	(210)	24	276
	(299)	(256)	390	624	876
Net tangible (liabilities)/assets per share (RM)	(2.99)	(2.56)	0.65	1.04	1.46

10. ACCOUNTANTS' REPORT (Cont'd)

6.2.8 CLJ

	← 1997 RM'000	As at 31 December 1998 RM'000	→ 1999 RM'000	As at 30 September 2000 RM'000
CURRENT ASSETS				
Cash and bank balances	1	1	3	38
Deposits with a licensed bank	225	225	225	225
Trade debtors	545	1,024	739	596
Other debtors and prepayments	60	12	55	70
Due from holding company	-	-	3	1
Due from fellow subsidiaries	264	223	202	227
	1,095	1,485	1,227	1,157
CURRENT LIABILITIES				
Bank overdrafts	329	372	295	362
Trade creditors	516	331	278	266
Other creditors and accruals	23	137	27	60
Hire purchase creditors	33	36	21	-
Due to fellow subsidiaries	156	388	376	395
Taxation	13	20	20	5
	1,070	1,284	1,017	1,088
NET CURRENT ASSETS	25	201	210	69
FIXED ASSETS	141	135	142	138
HIRE PURCHASE CREDITORS	(50)	(21)	-	-
	116	315	352	207
SHAREHOLDERS' FUNDS				
Share capital	100	300	300	300
Retained profits/(loss for the period)	16	15	52	(93)
	116	315	352	207
Net tangible assets per share (RM)	1.16	1.05	1.17	0.69

10. ACCOUNTANTS' REPORT (Cont'd)**6.2.9 DFR**

	As at 31 December				As at 30 September	
	1995	1996	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CURRENT ASSETS						
Cash and bank balances	2	6	610	23	90	64
Deposits with a licensed bank	-	-	-	200	216	219
Trade debtors	32	18	-	-	515	751
Other debtors and prepayments	1	96	97	97	115	39
Due from directors	95	-	-	-	-	-
Due from fellow subsidiaries	-	-	63	71	97	314
	130	120	770	391	1,033	1,387
CURRENT LIABILITIES						
Bank overdrafts	7	6	-	-	198	82
Trade creditors	8	-	-	-	39	6
Other creditors and accruals	19	21	11	8	94	25
Hire purchase creditors	-	-	-	-	121	105
Due to fellow subsidiaries	-	-	668	137	558	1,059
Taxation	-	-	-	-	-	21
	34	27	679	145	1,010	1,298
NET CURRENT ASSETS	96	93	91	246	23	89
FIXED ASSETS	2	1	1	1	317	259
HIRE PURCHASE CREDITORS	-	-	-	-	(59)	-
DEFERRED TAXATION	-	-	-	-	-	(11)
	98	94	92	247	281	337
SHAREHOLDERS' FUNDS						
Share capital	100	100	100	250	250	250
(Accumulated losses)/retained profits	(2)	(6)	(8)	(3)	31	87
	98	94	92	247	281	337
Net tangible assets per share (RM)	0.98	0.94	0.92	0.99	1.12	1.35

10. ACCOUNTANTS' REPORT (Cont'd)**6.2.10 BP**

	As at 31 December					As at
	1995	1996	1997	1998	1999	30 September 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
CURRENT ASSETS						
Cash and bank balances	-	7	174	1,275	276	2,746
Deposits with licensed banks	-	-	2	452	637	2,482
Trade debtors	-	-	659	2,333	10,181	11,859
Other debtors and prepayments	18	49	25	251	336	202
Stocks	-	41	1,969	616	3,103	6,936
Due from directors	29	-	-	486	-	-
	47	97	2,829	5,413	14,533	24,225
CURRENT LIABILITIES						
Short term borrowings	6	-	134	-	-	-
Trade creditors	-	-	1,087	3,454	7,788	11,209
Other creditors and accruals	18	27	1,110	913	3,142	8,817
Hire purchase creditors	-	13	51	70	63	88
Due to directors	-	349	673	-	-	-
Taxation	-	-	-	360	360	661
	24	389	3,055	4,797	11,353	20,775
NET CURRENT ASSETS/						
(LIABILITIES)	23	(292)	(226)	616	3,180	3,450
FIXED ASSETS	64	250	455	895	844	2,662
INTANGIBLE ASSETS	3	3	3	-	-	-
HIRE PURCHASE CREDITORS	-	(24)	(98)	(73)	(36)	(67)
DEFERRED TAXATION	-	-	-	-	-	(71)
	90	(63)	134	1,438	3,988	5,974
SHAREHOLDERS' FUNDS /(DEFICITS)						
Share capital	100	100	250	550	550	550
(Accumulated losses) /retained profits	(10)	(163)	(116)	888	3,438	5,424
	90	(63)	134	1,438	3,988	5,974
Net tangible assets/(liabilities) per share (RM)	0.90	(0.63)	0.54	2.61	7.25	10.86

10. ACCOUNTANTS' REPORT (Cont'd)**7. STATEMENTS OF ASSETS AND LIABILITIES**

We set out below the statements of assets and liabilities of the CLH Group based on their audited consolidated financial statements as at 30 September, 2000 and the Proforma Group which has been prepared for illustrative purposes only based on the assumption that the merger with BP was completed by 30 September, 2000.

	<u>Note</u>	CLH Group RM'000	Proforma Group RM'000
CURRENT ASSETS			
Cash and bank balances		267	3,013
Deposits with licensed banks	7.2	1,485	3,967
Trade debtors	7.3	21,742	33,601
Other debtors and prepayments	7.4	2,977	3,179
Stocks	7.5	-	6,936
		<u>26,471</u>	<u>50,696</u>
CURRENT LIABILITIES			
Bank overdrafts	7.6	12,293	12,293
Short term borrowings	7.11	1,582	1,582
Trade creditors		6,621	17,830
Other creditors and accruals	7.7	1,657	10,473
Hire purchase creditors	7.10	1,255	1,344
Taxation		1,087	1,748
		<u>24,495</u>	<u>45,270</u>
NET CURRENT ASSETS		1,976	5,426
FIXED ASSETS	7.8	37,536	40,198
DEFERRED EXPENDITURE	7.9	631	631
GOODWILL ARISING ON CONSOLIDATION		393	393
HIRE PURCHASE CREDITORS	7.10	(1,477)	(1,544)
TERM LOANS	7.11	(10,574)	(10,574)
DEFERRED TAXATION	7.12	(610)	(681)
MINORITY INTERESTS		(164)	(164)
		<u>27,711</u>	<u>33,685</u>
SHAREHOLDERS' FUNDS			
Share capital	7.13	16,900	23,200
Share premium		50	50
Retained profits		10,761	10,435
		<u>27,711</u>	<u>33,685</u>

These accounts are prepared in accordance with applicable approved accounting standards adopted by the Malaysian Accounting Standards Board ("MASB").

10. ACCOUNTANTS' REPORT (Cont'd)

7.1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of certain lands and buildings and comply with applicable approved accounting standards in Malaysia.

(b) Revenue Recognition

Revenue is recognised net of discounts when rendering of services have been completed.

(c) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Intragroup transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Subsidiary companies which meet the criteria for merger accounting under the Malaysian Accounting Standard 2, Accounting for Acquisitions and Mergers, are accounted for using merger accounting principles. When merger method is used, the cost of investment in the Company's book is recorded at the nominal value of shares issued and the difference between the carrying value of the investment and the nominal value of shares acquired is treated as merger reserve. The merger reserve is adjusted against reserves of the Group. The results of the companies being merged are included as if the merger had been effected throughout the current and previous financial years.

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 or reserve arising on consolidation. Goodwill or reserve arising on consolidation is not amortised.

(d) Currency Conversion and Translation

Transactions in foreign currencies during the period are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating those ruling at that date. All exchange differences are taken to the income statement.

The exchange rate ruling at balance sheet date used (denominated in units of Ringgit Malaysia per foreign currency) is as follow:

	<u>30.9.2000</u>
Singapore Dollar	<u>2.154</u>

10. ACCOUNTANTS' REPORT (Cont'd)

(e) Fixed Assets and Depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation. Revaluations are made by independent valuer on an open market value basis. Any increase arising from valuation is credited to a revaluation reserve; any decrease is first offset against an increase on earlier valuation in respect of the same property and is thereafter charged to the operating profit.

Leasehold land is depreciated over the period of the lease. Depreciation of other fixed assets are provided on a straight-line basis over the following estimated useful lives:

Long term leasehold lands	1.04% to 1.15%
Buildings	2% to 10%
Land improvement	5%
Renovation	10%
Motor vehicles	10% to 20%
Equipment	10% to 20%
Furniture, fixtures and fittings	10%

Long term leasehold lands of the Group have not been revalued since they were revalued in 1996. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standards ("IAS") No. 16 (Revised) : Property, Plant and Equipment adopted by the Malaysian Accounting Standards Board, these assets continue to be stated at their 1996 valuation less accumulated depreciation.

(f) Deferred Expenditure

Deferred expenditure consists of preliminary and listing expenses of the Company. The preliminary expenses have been written off in the current period. The listing expenses will be deferred and set off against share premium upon listing.

(g) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost of finished goods are represented by materials, direct labour and appropriate production overheads. Cost of raw materials include forwarding and handling charges.

(h) Deferred Taxation

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

10. ACCOUNTANTS' REPORT (Cont'd)

(i) Hire Purchase

Fixed assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in (e) above. The corresponding outstanding obligations due under hire purchase after deducting finance expenses are included as liabilities in the financial statements. Finance expenses are charged to the income statement over the period of the respective agreements using sum-of-digit method.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at banks and deposits, excluding deposits that are pledged and not freely remissible to the Group and Company, net of outstanding bank overdrafts.

(k) Investments

Investments in subsidiaries and other investments are stated at cost less provision for any permanent diminution in value.

7.2 DEPOSITS WITH LICENSED BANKS

Deposits with licensed banks amounting to RM1,125,000 are pledged to banks for facilities granted to the CLH Group.

7.3 TRADE DEBTORS

	CLH Group RM'000	Proforma Group RM'000
Trade debtors	21,900	34,121
Provision for doubtful debts	(158)	(520)
	<u>21,742</u>	<u>33,601</u>

Included in trade debtors are amounts of RM631,000 due from companies in which certain directors of CLH Group have substantial interest.

10. ACCOUNTANTS' REPORT (Cont'd)**7.4 OTHER DEBTORS AND PREPAYMENTS**

	CLH Group RM'000	Proforma Group RM'000
Other debtors	2,467	3,179
Due from a company in which certain directors of CLH Group have substantial interest	510	-
	<u>2,977</u>	<u>3,179</u>

The amount due from a company in which certain directors of CLH Group have substantial interest, has been recovered subsequent to period end.

7.5 STOCKS

	CLH Group RM'000	Proforma Group RM'000
Components	-	5,199
Finished goods	-	1,737
	<u>-</u>	<u>6,936</u>

7.6 BANK OVERDRAFTS

	CLH Group RM'000	Proforma Group RM'000
Bank overdrafts		
- secured	12,244	12,244
- unsecured	49	49
	<u>12,293</u>	<u>12,293</u>

The secured bank overdrafts of CLH Group are secured by fixed deposits of the subsidiaries. The bank overdrafts bear interest rates of between 7.80% and 10.30% per annum.

10. ACCOUNTANTS' REPORT (Cont'd)**7.7 OTHER CREDITORS AND ACCRUALS**

	CLH Group RM'000	Proforma Group RM'000
Included in other creditors and accruals are as follows:		
Due to a company in which certain directors of the Group have substantial interest *	144	144
Due to directors of certain subsidiaries *	<u>71</u>	<u>71</u>

* The amounts due are unsecured, interest free and have no fixed terms of repayment.

7.8 FIXED ASSETS

CLH Group	Long term leasehold land RM'000	Buildings RM'000	Land improvement RM'000	Renovation RM'000	Motor vehicles RM'000	Equipment RM'000	Furniture, fixtures and fittings RM'000	Total RM'000
<u>Cost/Valuation</u>								
At 1 January, 2000	8,100	16,179	-	20	6,897	3,133	956	35,285
Additions	-	2,574	452	1,004	2,362	3,128	804	10,324
Write-offs	-	-	-	-	(34)	(2)	-	(36)
Transfer	-	-	-	-	(75)	75	-	-
Disposal	-	-	-	-	(409)	-	-	(409)
At 30 September, 2000	<u>8,100</u>	<u>18,753</u>	<u>452</u>	<u>1,024</u>	<u>8,741</u>	<u>6,334</u>	<u>1,760</u>	<u>45,164</u>
Representing:								
At cost	-	5,253	452	1,024	8,741	6,334	1,760	23,564
At valuation	<u>8,100</u>	<u>13,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,600</u>
	<u>8,100</u>	<u>18,753</u>	<u>452</u>	<u>1,024</u>	<u>8,741</u>	<u>6,334</u>	<u>1,760</u>	<u>45,164</u>
<u>Accumulated Depreciation</u>								
At 1 January, 2000	224	1,294	-	4	2,795	1,310	276	5,903
Additions	66	506	8	53	946	455	117	2,151
Write-offs	-	-	-	-	(30)	-	-	(30)
Transfer	-	-	-	-	(16)	16	-	-
Disposal	-	-	-	-	(396)	-	-	(396)
At 30 September, 2000	<u>290</u>	<u>1,800</u>	<u>8</u>	<u>57</u>	<u>3,299</u>	<u>1,781</u>	<u>393</u>	<u>7,628</u>
<u>Net Book Value</u>								
At 30 September, 2000								
At cost	-	4,329	444	967	5,442	4,553	1,367	17,102
At valuation	<u>7,810</u>	<u>12,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,434</u>
	<u>7,810</u>	<u>16,953</u>	<u>444</u>	<u>967</u>	<u>5,442</u>	<u>4,553</u>	<u>1,367</u>	<u>37,536</u>

10. ACCOUNTANTS' REPORT (Cont'd)

<u>Proforma Group</u>	<u>Long term leasehold land</u> RM'000	<u>Buildings</u> RM'000	<u>Land improvement</u> RM'000	<u>Renovation</u> RM'000	<u>Motor vehicles</u> RM'000	<u>Equipment</u> RM'000	<u>Furniture, fixtures and fittings</u> RM'000	<u>Total</u> RM'000
<u>Cost/Valuation</u>								
At 1 January, 2000	8,100	16,179	-	20	7,227	3,800	1,163	36,489
Additions	-	2,574	452	1,004	2,834	3,347	2,174	12,385
Write-offs	-	-	-	-	(34)	(2)	-	(36)
Transfer	-	-	-	-	(75)	75	-	-
Disposal	-	-	-	-	(439)	-	-	(439)
At 30 September, 2000	8,100	18,753	452	1,024	9,513	7,220	3,337	48,399
Representing:								
At cost	-	5,253	452	1,024	9,513	7,220	3,337	26,799
At valuation	8,100	13,500	-	-	-	-	-	21,600
	8,100	18,753	452	1,024	9,513	7,220	3,337	48,399
<u>Accumulated Depreciation</u>								
At 1 January, 2000	224	1,294	-	4	2,922	1,496	323	6,263
Additions	66	506	8	53	1,041	526	172	2,372
Write-offs	-	-	-	-	(30)	-	-	(30)
Transfer	-	-	-	-	(16)	16	-	-
Disposal	-	-	-	-	(404)	-	-	(404)
At 30 September, 2000	290	1,800	8	57	3,513	2,038	495	8,201
<u>Net Book Value</u>								
At 30 September, 2000								
At cost	-	4,329	444	967	6,000	5,182	2,842	19,764
At valuation	7,810	12,624	-	-	-	-	-	20,434
	7,810	16,953	444	967	6,000	5,182	2,842	40,198

- (a) Long term leasehold lands and buildings of CLH Group with carrying value amounting to RM20,434,000 are pledged to banks for term loans granted to CLH Group.
- (b) Included in fixed assets of CLH Group are fully depreciated assets which are still in use as follows:

	RM'000
<u>Cost</u>	
Motor vehicles	211
Equipment	464
Furniture, fixtures and fittings	11
	<u>686</u>

10. ACCOUNTANTS' REPORT (Cont'd)

- (c) Details of independent professional valuation of properties owned by subsidiaries as at 30 September, 2000 are as follows:

<u>Year of valuation</u>	<u>Description of property</u>	<u>Amount</u> RM'000	<u>Basis of valuation</u>
1996	Long term leasehold lands at Klang	8,100	Open market value
1996	Buildings at Klang	13,500	Open market value

- (d) Had the revalued long term leasehold lands and buildings been carried at historical cost less accumulated depreciation, the net book value of the lands and buildings that would have been included in the financial statements of CLH Group as at 30 September, 2000 would be as follows:

	RM'000
Long term leasehold lands	3,649
Buildings	8,995
	<u>12,644</u>

- (e) Included in fixed assets are assets held under hire purchase agreements as follows:

	<u>Net Book Value</u>	
	<u>CLH</u> <u>Group</u> RM'000	<u>Proforma</u> <u>Group</u> RM'000
Motor vehicles	4,317	4,875
Equipment	114	114
	<u>4,431</u>	<u>4,989</u>

7.9 DEFERRED EXPENDITURE

Deferred expenditure represents listing expenses of CLH Group. Included in these expenses are auditors' remuneration of RM87,000.

10. ACCOUNTANTS' REPORT (Cont'd)**7.10 HIRE PURCHASE CREDITORS**

	CLH Group RM'000	Proforma Group RM'000
Future minimum payments are as follows:		
Payable within one year	1,502	1,605
Payable between one and five years	1,636	1,711
	<u>3,138</u>	<u>3,316</u>
Less: Finance charges	(406)	(428)
	<u>2,732</u>	<u>2,888</u>
Representing hire purchase liabilities:		
Due within 12 months	1,255	1,344
Due after 12 months	1,477	1,544
	<u>2,732</u>	<u>2,888</u>

7.11 TERM LOANS AND SHORT TERM BORROWINGS

	CLH Group RM'000	Proforma Group RM'000
Term loans:		
Secured	8,021	8,021
Unsecured	4,135	4,135
	<u>12,156</u>	<u>12,156</u>
Due within 12 months, classified as short term borrowings	(1,582)	(1,582)
	<u>10,574</u>	<u>10,574</u>

The term loans are secured by long term leasehold properties of the Group and bear interest rates of between 8.30% and 8.80% per annum.

7.12 DEFERRED TAXATION

	CLH Group RM'000	Proforma Group RM'000
At 1 January, 2000	250	250
Transfer from income statement	360	431
At 30 September, 2000	<u>610</u>	<u>681</u>

Deferred taxation is provided mainly in respect of the timing differences between depreciation and corresponding capital allowances.

10. ACCOUNTANTS' REPORT (Cont'd)

7.13 SHARE CAPITAL

	CLH Group RM	Proforma Group RM
Ordinary shares of RM1.00 each:		
Authorised	<u>25,000</u>	<u>25,000</u>
Issued and fully paid	<u>16,900</u>	<u>23,200</u>

7.14 CAPITAL COMMITMENTS

	CLH Group RM	Proforma Group RM
Approved and contracted for purchase of fixed assets	6,787	6,787
Approved and not contracted for purchase of fixed assets	<u>410</u>	<u>410</u>

7.15 SUBSEQUENT EVENTS

- (a) On 13 November, 2000, CLH entered into a Sale and Purchase agreement to acquire 2 ordinary shares of RM1.00 each in Best Heritage Sdn. Bhd. ("BH") representing 100% equity interest for a cash consideration of RM481,024.

On 16 November, 2000, BH in turn, has been offered the option to purchase two pieces of industrial land with buildings by PKNS-Federal Furniture International (M) Sdn. Bhd. for a total cash consideration of RM8,968,976. BH has made a 10% deposit of RM896,898 for this purchase of property.

- (b) On 29 December, 2000, the authorised share capital of CLH was increased from RM25,000,000 to RM50,000,000 through the creation of 25,000,000 ordinary shares of RM1.00 each.
- (c) On 31 December, 2000, CLH acquired 550,000 ordinary shares of RM1.00 each in Brilliant Pattern Sdn. Bhd. ("BP") representing 100% equity interest for a consideration of RM6,300,000 payable in 6,300,000 ordinary shares of CLH of RM1.00 per share.

10. ACCOUNTANTS' REPORT (Cont'd)

8. CONSOLIDATED CASH FLOW STATEMENT OF CLH GROUP FOR THE PERIOD FROM 1 JANUARY, 2000 TO 30 SEPTEMBER, 2000

	<u>Note</u>	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4.1	4,172
Adjustment for:		
Depreciation	7.1 (e)	2,151
Fixed assets written off		6
Intangible assets written off		35
Interest expenses	7.6 & 7.11	1,759
Provision for doubtful debts		158
Gain on disposal of fixed assets		(92)
Interest income		(32)
Operating profit before working capital changes		8,157
Increase in debtors		(2,865)
Increase in creditors		2,959
Decrease in due to a shareholder		(47)
Cash generated from operations		8,204
Interest paid		(1,759)
Taxes paid		(574)
Net cash generated from operating activities		5,871
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received		32
Proceeds from disposal of fixed assets		105
Deferred expenditure	7.9	(500)
Purchase of fixed assets		(8,536)
Net cash used in investing activities		(8,899)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase creditors	7.10	(891)
Repayment of term loans		(304)
Net cash used in financing activities		(1,195)

10. ACCOUNTANTS' REPORT (Cont'd)

	RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,223)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(7,443)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>(11,666)</u>
 CASH AND CASH EQUIVALENTS COMPRISE:	
Cash on hand and at banks	267
Deposits with licensed banks	360
Bank overdrafts	(12,293)
	<u>(11,666)</u>

9. NET TANGIBLE ASSETS

After including the effects of the:

- proposed bonus issue of 2,816,671 new ordinary shares of RM1.00 each on the basis of approximately one (1) new share for every six (6) existing shares held;
- proposed conversion of advances to 3,727,273 new ordinary shares of RM1.00 each at a conversion price of RM1.10 per share;
- proposed special issue of 8,000,000 new ordinary shares of RM1.00 each at an issue price of RM1.80 per share to Bumiputera parties; and
- proposed public issue of 6,700,000 new ordinary shares of RM1.00 each at an issue price of RM1.80 per share to the eligible employees and directors of the Group as well as to the Malaysian public;

the proforma net tangible assets per share would be as follows:

	RM'000
Net assets as per Proforma Group financial statements as at 30 September, 2000	33,685
Less: Intangible assets	(393)
Listing expenses	<u>(1,700)</u>
	31,592
Add: Conversion of advances	4,100
Special issue of 8,000,000 new ordinary shares at RM1.80 per share	14,400
Public issue of 6,700,000 new ordinary shares at RM1.80 per share to the eligible employees and directors of the CLH Group and Malaysian public	12,060
Proforma net tangible assets	<u>62,152</u>

10. ACCOUNTANTS' REPORT (Cont'd)

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

	No. of shares (‘000)
Ordinary shares as per Proforma Group as at 30 September, 2000	23,200
Conversion of advances	3,727
Bonus issue	2,817
Special issue	8,000
Public issue	6,700
	<u>44,444</u>
Proforma net tangible assets per ordinary share (RM)	<u>1.40</u>

10. AUDITED FINANCIAL STATEMENTS

No audited financial statements of the Company and its subsidiaries have been prepared in respect of any period subsequent to 30 September, 2000.

Yours faithfully



ARTHUR ANDERSEN & CO.
No. AF 0103
Public Accountants



ADRIAN TSEN KENG YAM
No. 1314/05/02(J)
Partner of the Firm

11. DIRECTORS' REPORT

(Prepared for inclusion in the Prospectus)



Century
Group

CENTURY LOGISTICS HOLDINGS BERHAD

(424341-A)

Registered Office:

Level 22, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

27 March 2001

The Shareholders of
Century Logistics Holdings Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of Century Logistics Holdings Berhad and its group of companies ("CLH Group" or "the Group"), I wish to report after due enquiry that during the period from 30 September 2000 (being the date to which the last audited accounts of the Group have been made) to 17 March 2001 (being a date not earlier than fourteen days before the issue of this Prospectus):

- (a) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen subsequent to the last audited accounts of the Group, which have affected adversely the trading, or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values, which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have arisen by reason of any guarantees or indemnities given by the Group; and
- (e) save as disclosed in the "Accountants' Report" and "Proforma Consolidated Balance Sheets" in this Prospectus, there has been no change in the published reserves or any unusual factors affecting the profit of the Group since the last audited accounts of the Group.

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

Teow Choo Hing
Managing Director