
11.0 ACCOUNTANTS' REPORT

11.1 Accountants' Report (Prepared for inclusion in this Prospectus)



5 November 2001

The Board of Directors
PJI Holdings Berhad
10th Floor, Tower Block
Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur

Gentlemen,

1. INTRODUCTION

This report has been prepared by Messrs GEP Associates, an approved company auditor, for inclusion in the Prospectus to be dated 8 November 2001 in connection with the Public Issue of 6,780,000 new ordinary shares of RM1 each at an offer price of RM1.50 per share in PJI Holdings Berhad (hereinafter referred to as "PJIH" or "the Company") and the listing and quotation of the entire issued and paid up share capital of the Company on the Second Board of the Kuala Lumpur Stock Exchange (hereinafter referred to as "KLSE").

2. GENERAL INFORMATION

2.1 Background

PJI Holdings Sdn. Bhd. was incorporated on 24 November 1999 as a private limited company. The Company was converted to a public company and changed its name to PJI Holdings Berhad on 3 December 1999.

2.2 Restructuring and Listing Exercise

In connection with and as part of the listing and quotation for the entire issued and paid-up share capital of PJIH comprising 45,200,000 ordinary shares of RM1.00 each on the Second Board of the KLSE, PJIH has undertaken the following restructuring and listing exercise which was completed on 20 September 2001.

- a) PJIH to acquire P.J. Indah Sdn. Bhd.'s (hereinafter referred to as "PJI") entire paid up capital for a purchase consideration of RM19,656,723 to be satisfied by the issue of 17,395,330 new ordinary shares of RM1.00 each in PJIH at an issue price of RM1.13 per share which is based on the audited consolidated net tangible assets of PJI as at 30 June 1999.
- b) PJIH to acquire 80% of Megatara Sdn. Bhd.'s (hereinafter referred to as "MSB") paid up capital for a purchase consideration of RM801,824 to be satisfied by the issue of 709,579 new ordinary shares of RM1.00 each in PJIH at an issue price of RM1.13 per share which is based on the audited net tangible assets of MSB as at 30 June 1999.

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- c) PJIH to acquire Kejuruteraan Trolka Sdn. Bhd.'s (hereinafter referred to as "KTSB") entire paid up capital for a purchase consideration of RM2,786,472 to be satisfied by the issue of 2,465,904 new ordinary shares of RM1.00 each in PJIH at an issue price of RM1.13 per share which is based on the audited net tangible assets of KTSB as at 30 June 1999.
- d) PJIH to acquire Ocean Electrical Co. Sendirian Berhad's (hereinafter referred to as "OEC") entire paid up capital for a purchase consideration of RM14,321,604 to be satisfied by the issue of 12,673,986 new ordinary shares of RM1.00 each in PJIH at an issue price of RM1.13 per share which is based on the audited net tangible assets of OEC as at 30 June 1999.
- e) Rights issue of 4,875,201 new ordinary shares of RM1.00 each in PJIH on the basis of approximately 100 new ordinary shares for every 688 existing ordinary shares held after the above proposed acquisitions at an issue price of RM1.25 per share.

In connection with the above, PJIH will undertake a public issue of 6,780,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per share.

All new ordinary shares issued pursuant to the restructuring and listing exercise rank pari-passu in all respects with the existing ordinary shares of PJIH.

The restructuring scheme was approved by the Foreign Investment Committee on 20 March 2000, the Ministry of International Trade and Industry on 8 April 2000 and the Securities Commission on 16 May 2001.

2.3 Share Capital

The authorised and paid up share capital of the Company at the date of incorporation was RM100,000 comprising 100,000 ordinary shares of RM1.00 each and RM2 comprising two ordinary shares of RM1.00 each respectively. On 30 November, 1999, the Company increased its authorised and issued paid up share capital to RM500,000 and RM300,000 by a creation of 400,000 and allotment of 299,998 new ordinary shares of RM1.00 each respectively.

On 26 June 2001, the authorised share capital was further increased to RM100,000,000 by the creation of 99,500,000 new ordinary shares of RM1.00 each.

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

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Date of allotment	No. of ordinary shares of RM1.00 each issued	Purpose	Resultant issued and paid-up share capital RM
24 November 1999	2	Subscribers' shares	2
30 November 1999	299,998	Cash	300,000
7 August 2001	17,395,330	Issued as consideration for the acquisition of PJI's entire issued and paid up share capital	17,695,330
7 August 2001	709,579	Issued as consideration for the acquisition of 80% of MSB's entire issued and paid up share capital	18,404,909
7 August 2001	2,465,904	Issued as consideration for the acquisition of KTSB's entire issued and paid up share capital	20,870,813
7 August 2001	12,673,986	Issued as consideration for the acquisition of OEC's entire issued and paid up share capital	33,544,799
20 September 2001	4,875,201	Rights issue	38,420,000

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2.4 Subsidiary Companies

Details of the subsidiary companies of PJIH, all of which all are incorporated in Malaysia, unless otherwise stated, as at the date of this report are as follows:

Name	Date of incorporation	Share Capital		Effective equity interest (%)	Principal activities
		Authorised RM'000	Issued and paid-up RM'000		
<i>Direct subsidiary</i>					
PJI	14.6.1985	10,000	6,432	100	Provision of electrical and mechanical engineering services and maintenance works
OEC	2.8.1985	1,000	1,000	100	Provision of electrical and mechanical engineering services and maintenance works
KTSB	19.11.1986	1,000	1,000	100	General mechanical and electrical engineering services with specialisation in fire protection works
MSB	13.12.1985	1,000	550	80	Supply, install, test/commission and service/maintain of air-conditioner and ventilation systems

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<i>Indirect subsidiary – held through PJI</i>					
P.J. Indah Properties Sdn. Bhd. (PJI-P)	4.4.1995	500	350	100	Project management services, trading in electrical components and engage in property investment
PJ Indah-Adco Sdn. Bhd. (PJI-A)	21.1.1997	500	150	50.01	Specialist in infrastructure power distribution services
Kejuruteraan Putrajaya Sdn. Bhd. (KPSB)	14.4.1997	500	300	61	Specialist in electrical engineering services for intelligent buildings
Aset Manis Jaya Sdn. Bhd. (AMJSB)	25.10.1999	100	*	100	Dormant
P.J. International Ltd. (PJIL) (formerly known as Parkwealth Limited)	3.2.2000	**	**	100	Dormant
Monolite Asia Pacific Ltd. (MAPL) (formerly known as Rockefeller Venture Limited)	20.3.2000	***	***	100	Dormant
PJ Indah Engineering (S) Pte. Ltd. (PJIE)	8.3.2001	#	#	100	Dormant

* The paid up capital comprises two ordinary shares of RM1.00 each issued at par value.

** The company was incorporated in the British Virgin Islands. The authorised and paid up share capital comprises of 50,000 ordinary shares of US\$1.00 each and two ordinary shares of US\$1.00 each respectively.

*** The company was incorporated in the British Virgin Islands. The authorised and paid up share capital comprises of 50,000 ordinary shares of US\$1.00 each and four ordinary shares of US\$1.00 each respectively.

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The company was incorporated in the Republic of Singapore. The authorised and paid up share capital comprises of 2,000,000 ordinary shares of S\$1.00 each and two ordinary shares of S\$1.00 each respectively.

3. AUDITORS AND AUDITED FINANCIAL STATEMENTS

We were appointed to act as auditors of PJIH, PJI, PJI-P, PJI-A and AMJSB since their dates of incorporation except for KPSB where we were appointed as auditors since the financial year ended 30 June 2000.

The financial statements of the other subsidiaries were audited by other firms of public accountants.

The auditors' reports of the companies in the Group for the relevant financial years/periods under review as stated below were not subject to any qualification.

Company	Relevant financial years/periods
PJIH	30 June 2000 and 30 June 2001
PJI	30 June 1997 to 30 June 2001
PJI-P	30 June 1997 to 30 June 2001
PJI-A	30 June 1997 to 30 June 2001
KPSB	30 June 1998 to 30 June 2001
AMJSB	30 June 2001
PJIL	30 June 2001
MAPL	30 June 2001
PJIE	30 June 2001
OEC	31 August 1996 to 31 August 2000 and 30 June 2001
KTSB	31 December 1996 to 31 December 2000 and 30 June 2001
MSB	31 December 1996 to 31 December 2000 and 30 June 2001

4. ACCOUNTING POLICIES AND STANDARDS

This report has been prepared based on the accounting policies consistent with those previously adopted in the preparation of the audited financial statements of PJIH and its subsidiaries.

This report also comply with approved accounting standards issued by the Malaysian Accounting Standards Board (hereinafter referred to as "MASB") other than as disclosed in Section 9.1(c).

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5. SUMMARISED INCOME STATEMENTS

5.1 The Proforma Group

We set out below the proforma consolidated financial results of PJIH and its subsidiary companies (hereinafter referred to as "the Group") for the last five financial years/periods ended 30 June 2001. The proforma-consolidated results are provided for illustrative purposes only, assuming that the Group had been in existence throughout the years/period under review.

The following proforma consolidated results are to be read in conjunction with the notes thereto:

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	Financial year ended 30 June				
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Revenue	84,707	156,705	185,012	157,182	174,224
Profit before depreciation, interest, other income and exceptional item	11,226	10,185	10,679	13,980	15,281
Depreciation	(500)	(853)	(876)	(968)	(1,135)
Interest expense	(187)	(619)	(683)	(360)	(635)
Other income	635	950	1,468	719	814
Operating profit	11,174	9,663	10,588	13,371	14,325
Exceptional item	-	-	-	132	-
	11,174	9,663	10,588	13,503	14,325
Share of profit/(loss) in joint-venture	44	(9)	(5)	(5)	(5)
Profit before taxation	11,218	9,654	10,583	13,498	14,320
Taxation	(3,205)	(2,924)	(252)	(3,362)	(4,330)
Profit after taxation	8,013	6,730	10,331	10,136	9,990
Minority interest	(60)	84	(8)	(159)	(355)
Profit after taxation and minority interest	7,953	6,814	10,323	9,977	9,635
No. of ordinary shares ("000")	38,420	38,420	38,420	38,420	38,420
Gross earnings per share (sen)	29.0	25.3	27.5	34.7	36.3
Net earnings per share (sen)	20.7	17.7	26.9	26.0	25.1

Notes:

- (a) The financial results of PJIH, KPSB and PJI-A are included in the above proforma consolidated income statements from their dates of incorporation on 24 November 1999, 14 April 1997 and 21 January 1997 respectively.

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- (b) The above proforma consolidated financial results have been prepared based on the audited financial statements after making such adjustments as we considered appropriate for the respective financial years as stated in note (c) and (d). The consolidated results have been prepared based on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of the individual companies.
- (c) For the purpose of proforma consolidation, we have adjusted the financial results of the subsidiaries with differing year end on a time apportionment basis in order to be coterminous with PJIH's year end based on the audited financial statements of the respective subsidiaries for the relevant years.
- (d) There were no extraordinary items for all the years under review excepts for MSB in the years 1995 and 1996 and OEC in the years 1994 and 1997, where there were profit on disposal of fixed assets which were previously treated as extraordinary items in its respective audited financial statements but did not meet the definition of extraordinary items as per the MASB 3 and have been reclassified to other income in this report for comparison purposes.
- (e) The results of one of PJI's former subsidiary, PSE Projects Sdn. Bhd. has been excluded from the proforma results as it was disposed off on 23 September 1999 and therefore, does not form part of the listing exercise. The exceptional item was the gain from the disposal.
- (f) The share of profit or losses from joint venture represents results from a 55% : 45% unincorporated joint venture between PJI and Adco Sdn. Bhd. The joint venture is principally involved in the provision of electrical engineering works.
- (g) No provision for taxation has been made in 1999 as income earned in the basis year 1999 is exempted from tax in accordance with the provisions of the Income Tax (Amendment) Act 1999. The taxation charge in 1999 relates to underprovision of tax in prior year, deferred tax provision and the prorating of taxation charge in respect of companies with financial accounting dates which are not coterminous with that of the Proforma Group.
- (h) The gross earnings per share is calculated based on the proforma profit before taxation but after minority interest divided by the enlarged share capital of 38,420,000 ordinary shares of RM1.00 each after the Acquisition and Rights Issue but before the Public Issue.
- (i) The net earnings per share is calculated based on the proforma profit after taxation and minority interest divided by the enlarged share capital of 38,420,000 ordinary shares of RM1.00 each, after the Acquisition and Rights Issue but before the Public Issue.
- (j) All significant inter-company transactions have been eliminated on consolidation.

We set out below the summary of results of the individual companies of the Group to be read in conjunction with the notes thereon.

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5.2 PJI

	Financial year ended 30 June				
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Revenue	36,351	111,332	138,150	101,141	114,212
Profit before depreciation, interest and exceptional item	5,711	6,332	7,400	6,397	9,540
Depreciation	(211)	(425)	(418)	(459)	(521)
Interest expense	(70)	(263)	(256)	(174)	(199)
Interest income	126	438	724	401	376
Operating profit	5,556	6,082	7,450	6,165	9,196
Exceptional item	-	-	-	600	-
	5,556	6,082	7,450	6,765	9,196
Share of profit/(loss) in joint-venture	44	(9)	(5)	(5)	(5)
Profit before taxation	5,600	6,073	7,445	6,760	9,191
Taxation	(1,654)	(1,750)	(4)	(1,762)	(2,602)
Profit after taxation	3,946	4,323	7,441	4,998	6,589
No. of ordinary shares ("000")	3,201	6,432	6,432	6,432	6,432
Gross earnings per share (sen)	174.9	94.4	115.7	105.1	142.9
Net earnings per share (sen)	123.3	67.2	115.7	77.7	102.4

Notes:

- (a) The results of one of PJI's former subsidiary, PSE Projects Sdn. Bhd. has been excluded from the proforma results as it was disposed off on 23 September 1999 and therefore, does not form part of the listing exercise. The exceptional item was the gain from the disposal.
- (b) There were no extraordinary items in the relevant years under review.
- (c) The share of profit or losses from joint venture represents results from a 55% : 45% unincorporated joint venture between PJI and Adco Sdn. Bhd. The joint venture is principally involved in the provision of electrical engineering works.

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- (d) No provision for taxation has been made in 1999 as income earned in the basis year 1999 is exempted from tax in accordance with the provisions of the Income Tax (Amendment) Act 1999. The taxation charge in 1999 relates to underprovision of tax in prior year.
- (e) The gross earnings per share are calculated based on the profit before taxation divided by the ordinary shares in issue in the relevant years/period under review.
- (f) The net earnings per share are calculated based on the profit after taxation divided by the ordinary shares in issue in the relevant years/period under review.

5.3 OEC

	Financial year ended 31 August					10 months ended 30 June
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Revenue	27,642	36,241	28,096	22,789	22,272	26,973
Profit before depreciation and interest	4,967	4,976	2,959	1,953	3,392	3,405
Depreciation	(71)	(77)	(166)	(165)	(174)	(160)
Interest expense	(64)	(63)	(203)	(219)	(138)	(195)
Interest income	167	181	239	160	97	82
Profit before taxation	4,999	5,017	2,829	1,729	3,177	3,132
Taxation	(1,400)	(1,350)	(867)	(344)	(897)	(1,030)
Profit after taxation	3,599	3,667	1,962	1,385	2,280	2,102
No. of ordinary shares ("000")	1,000	1,000	1,000	1,000	1,000	1,000
Gross earnings per share (sen)	499.9	501.7	282.9	172.9	317.7	*375.8
Net earnings per share (sen)	359.9	366.7	196.2	138.5	228.0	*252.2

* *Annualised*

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Notes:

- (a) Included in the revenue for the year 1998 was an amount of RM9,650,986 which relates to revenue where profit already recognised in the year 1997. Accordingly, the amount is excluded from the total revenue for that year for comparison purposes.
- (b) There were no extraordinary items in the relevant years/period under review.
- (c) No provision for taxation has been made in the year 1999 as income earned in the basis year 1999 is exempted from tax in accordance with the provisions of the Income Tax (Amendment) Act 1999. The taxation charge in the year 1999 relates to underprovision of tax in prior year and deferred tax provision.
- (d) The gross earnings per share are calculated based on the profit before taxation divided by the ordinary shares in issue in the relevant years/period under review.
- (e) The net earnings per share are calculated based on the profit after taxation divided by the ordinary shares in issue in the relevant years/period under review.

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5.4 KTSB

	Financial year ended 31 December					6 months ended 30 June 2001
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	RM'000
Revenue	12,239	16,620	13,974	22,812	18,226	8,931
Profit before depreciation, interest and exceptional item	384	643	493	3,351	1,023	979
Depreciation	(191)	(207)	(200)	(201)	(274)	(93)
Interest expense	(51)	(50)	(38)	(19)	(30)	(28)
Interest income	101	76	116	81	50	30
Profit before taxation	243	462	371	3,212	769	888
Taxation	(82)	(166)	(160)	(1)	(269)	(272)
Profit after taxation	161	296	211	3,211	500	616
No. of ordinary shares ("000")	480	480	1,000	1,000	1,000	1,000
Gross earnings per share (sen)	50.6	96.3	37.1	321.2	76.9	*177.6
Net earnings per share (sen)	33.5	61.7	21.1	321.1	50.0	*123.2

* *Annualised*

Notes:

- There were no extraordinary items in the relevant years/period under review.
- No provision for taxation has been made in the year 1999 as income earned in the basis year 1999 is exempted from tax in accordance with the provisions of the Income Tax (Amendment) Act 1999. The taxation charge in the year 1999 relates to underprovision of tax in prior year.
- The high effective tax rates for the years 1996 to 1998, 2000 and 2001 are mainly attributed to certain expenses which was not allowable for tax purposes.
- The gross earnings per share are calculated based on the profit before taxation divided by the ordinary shares in issue in the relevant years/period under review.

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- (e) The net earnings per share are calculated based on the profit after taxation divided by the ordinary shares in issue in the relevant years/period under review.

5.5 MSB

	Financial year ended 31 December					6 months ended
	1996	1997	1998	1999	2000	30 June 2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,095	3,981	2,228	5,909	10,034	4,518
Profit/(Loss) before depreciation and interest	69	218	104	307	485	(6)
Depreciation	(6)	(19)	(20)	(34)	(53)	(28)
Interest expense	(1)	(5)	(6)	(14)	(40)	(15)
Interest income	3	8	36	12	12	7
Profit/(Loss) before taxation	65	202	114	271	404	(42)
Taxation	(4)	(63)	(38)	(7)	(128)	7
Profit/(Loss) after taxation	61	139	76	264	276	(35)
No. of ordinary shares ("000")	105	210	550	550	550	550
Gross earnings/(loss) per share (sen)	61.9	96.2	20.7	49.3	73.5	*(15.3)
Net earnings/(loss) per share (sen)	58.1	66.2	13.8	48.0	50.2	*(12.7)

* Annualised

Notes:

- (a) There were no extraordinary items in the relevant years/period under review.
- (b) The low effective tax rate for the year 1996 is mainly attributed to utilisation of unabsorbed tax losses and unutilised capital allowances brought forward to set off against its taxable profit.

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- (c) The high effective tax rate for the year 1998 is mainly attributed to certain expenses which was not allowable for tax purposes.
- (d) No provision for taxation has been made in the year 1999 as income earned in the basis year 1999 is exempted from tax in accordance with the provisions of the Income Tax (Amendment) Act 1999. The taxation charge in the year 1999 relates to underprovision of tax in prior year and deferred tax provision.
- (e) No provision for taxation has been made in the six months period as MSB incurred operating losses. The tax credit is due to reversal of deferred taxation.
- (f) The gross earnings per share are calculated based on the profit before taxation divided by the ordinary shares in issue in the relevant years/period under review.
- (g) The net earnings per share are calculated based on the profit after taxation divided by the ordinary shares in issue in the relevant years/period under review.

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5.6 KPSB

	15 months ended 30 June 1998	Financial year ended 30 June		
	RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Revenue	2,887	8,512	10,422	8,375
(Loss)/Profit before depreciation and interest	(107)	807	470	553
Depreciation	(46)	(54)	(61)	(30)
Interest expense	(4)	(9)	(2)	(3)
Interest income	1	13	8	10
(Loss)/Profit before taxation	(156)	757	415	530
Taxation	(7)	(3)	(115)	(152)
(Loss)/Profit after taxation	(163)	754	300	378
No. of ordinary shares ("000")	300	300	300	300
Gross (loss)/earnings per share (sen)	(52.0)	252.3	138.3	176.7
Net (loss)/earnings per share (sen)	(54.3)	251.3	100.0	126.0

Notes:

- (a) KPSB was incorporated on 14 April 1997 and the first set of financial statements drawn up was for the period 14 April 1997 to 30 June 1998.
- (b) There were no extraordinary items in the relevant years/period under review.
- (c) No provision for taxation has been made for period from 14 April 1997 to 30 June 1998 as KPSB was not in a tax payable position. The taxation charge in the period relates to provision for deferred taxation.

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- (d) No provision for taxation has been made in the year 1999 as income earned in the basis year 1999 is exempted from tax in accordance with the provisions of the Income Tax (Amendment) Act 1999. The taxation charge in the year 1999 relates to provision for deferred taxation.
- (e) The gross earnings per share are calculated based on the profit before taxation divided by the ordinary shares in issue in the relevant years/period under review.
- (f) The net earnings per share are calculated based on the profit after taxation divided by the ordinary shares in issue in the relevant years/period under review.

5.7 PJI-P

	Financial year ended 30 June				
	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	599	3,398	5,263	5,474	11,268
Profit before depreciation and interest	4	157	248	175	134
Depreciation	-	(26)	(26)	(26)	(26)
Interest expense	-	(107)	(150)	(86)	(54)
Interest income	-	-	2	-	-
Profit before taxation	4	24	74	63	54
Taxation	(3)	(14)	-	(25)	(22)
Profit after taxation	1	10	74	38	32
No. of ordinary shares ("000")	350	350	350	350	350
Gross earnings per share (sen)	1.1	6.9	21.1	18.0	15.4
Net earnings per share (sen)	0.3	2.9	21.1	10.9	9.1

Notes:

- (a) There were no extraordinary items in the relevant years under review.

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- (b) The high effective tax rates for the years 1997, 1998, 2000 and 2001 are mainly attributed to certain expenses which was not allowable for tax purposes.
- (c) No provision for taxation has been made in the year 1999 as income earned in the basis year 1999 is exempted from tax in accordance with the provisions of the Income Tax (Amendment) Act 1999.
- (d) The gross earnings per share are calculated based on the profit before taxation divided by the ordinary shares in issue in the relevant years/period under review.
- (e) The net earnings per share are calculated based on the profit after taxation divided by the ordinary shares in issue in the relevant years/period under review.

5.8 PJI-A

	5 months ended 30 June	Financial year ended 30 June			
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Revenue	1,343	90	-	5,749	8,214
Profit/(Loss) before depreciation and interest	116	(192)	(83)	166	354
Depreciation	(2)	(15)	(18)	(28)	(28)
Interest expense	-	(4)	(4)	(4)	-
Interest income	-	-	-	-	-
Profit/(Loss) before taxation	114	(211)	(105)	134	326
Taxation	(33)	-	1	-	(50)
Profit after taxation	81	(211)	(104)	134	276
No. of ordinary shares ('000)	150	150	150	150	150
Gross earnings/(loss) per share (sen)	76.0	(140.7)	(70.0)	89.3	217.3
Net earnings/(loss) per share (sen)	54.0	(140.7)	(69.3)	89.3	184.0

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Notes:

- (a) There were no extraordinary items in the relevant years/period under review.
- (b) The low effective tax rate for the nine months period ended 31 March 2001 is mainly attributed to utilisation of unabsorbed tax losses brought forward to set off against its taxable profit.
- (c) No provision for taxation has been made for the years 1998 and 2000 as PJI-A was not in a tax payable position.
- (d) No provision for taxation has been made in the year 1999 as income earned in the basis year 1999 is exempted from tax in accordance with the provisions of the Income Tax (Amendment) Act 1999. The taxation credit in the year 1999 relates to overprovision of tax in prior year and reversal of deferred tax provision.
- (e) The gross earnings per share are calculated based on the profit before taxation divided by the ordinary shares in issue in the relevant years/period under review.
- (f) The net earnings per share are calculated based on the profit after taxation divided by the ordinary shares in issue in the relevant years/period under review.

5.9 AMJSB, PJIL, MAPL and PJIE

No financial information is presented as the companies had remained dormant since their incorporation.

6. DIVIDENDS

No dividends have been paid or declared by the Company since the date of incorporation.

Details of dividends declared by PJI, OEC and KTSB are as follows:

Financial year ended/ending	Issued and paid-up ordinary shares of RM1.00 each RM	Dividend rate (gross)	Net dividend paid RM
PJI			
30 June 2001	6,432,000	First interim 69% tax exempt	4,438,080
30 June 2001	6,432,000	Second interim approximately 43% tax exempt	2,765,750

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OEC			
31 August 1996	1,000,000	Interim 100% less 30% tax	700,000
31 August 2001	1,000,000	Interim 150% tax exempt	1,500,000
KTSB			
31 December 1999	1,000,000	First interim 14% less 28% tax	100,800
31 December 1999	1,000,000	Second interim 10% tax exempt	100,000
31 December 2001	1,000,000	First interim 3% tax exempt	30,000
31 December 2001	1,000,000	Second interim 97% tax exempt	970,000

7. SUMMARISED BALANCE SHEETS

The summarised balance sheet of PJIH and the individual subsidiary companies of PJIH based on the audited financial statements for the relevant financial years/period under review are as follows:

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7.1 The Company

	As at 30 June 2000 RM'000	As at 30 June 2001 RM'000
Property, plant and equipment	-	5,980
Current assets	585	100
Current liabilities	509	1,895
Net current assets/(liabilities)	76	(1,795)
Deferred expenditure	224	213
	300	4,398
Financed by:		
Share capital	300	300
Retained loss	-	(214)
Shareholders' fund	300	86
Long term liability	-	4,312
	300	4,398
Net tangible assets (RM'000)	76	(127)
Net tangible assets per share (RM)	0.25	(0.42)

PJIH was incorporated on 24 November 1999 and the first set of financial statements drawn up was for the period from 24 November 1999 to 30 June 2000. No consolidated balance sheets are presented as PJIH Group was not in existence as at 30 June 2001.

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7.2 PJI

	As at 30 June				
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Property, plant and equipment	1,552	5,262	4,769	7,148	7,106
Subsidiary companies	527	735	909	599	599
Joint-venture	135	126	121	117	111
Current assets	27,185	37,232	46,431	56,303	65,061
Current liabilities	21,638	29,107	31,451	38,174	47,967
Net current assets	5,547	8,125	14,980	18,129	17,094
Deferred expenditure	-	15	26	-	-
	7,761	14,263	20,805	25,993	24,910
Financed by:					
Share capital	3,201	6,432	6,432	6,432	6,432
Retained profit	4,093	5,200	12,641	17,639	17,024
Shareholders' fund	7,294	11,632	19,073	24,071	23,456
Deferred and long term liabilities	467	2,631	1,732	1,922	1,454
	7,761	14,263	20,805	25,993	24,910
Net tangible assets (RM'000)	7,294	11,617	19,047	24,071	23,456
Net tangible assets per share (RM)	2.28	1.81	2.96	3.74	3.65

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7.3 OEC

	As at 31 August					As at 30 June 2001
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Property, plant and equipment	1,125	1,106	1,163	5,569	6,480	6,374
Current assets	15,946	29,219	22,507	19,296	20,594	27,899
Current liabilities	9,755	19,477	10,859	9,969	9,896	16,501
Net current assets	6,191	9,742	11,648	9,327	10,698	11,398
Deferred expenditure	3	-	-	-	-	-
	7,319	10,848	12,811	14,896	17,178	17,772
Financed by:						
Share capital	1,000	1,000	1,000	1,000	1,000	1,000
Capital reserve	-	-	-	668	668	668
Retained profit	6,163	9,830	11,793	13,177	15,457	16,059
Shareholders' fund	7,163	10,830	12,793	14,845	17,125	17,727
Deferred and long term liabilities	156	18	18	51	53	45
	7,319	10,848	12,811	14,896	17,178	17,772
Net tangible assets (RM'000)	7,160	10,830	12,793	14,845	17,125	17,727
Net tangible assets per share (RM)	7.16	10.83	12.79	14.85	17.13	17.73

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7.4 KTSB

	As at 31 December					As at
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	30 June 2001 RM'000
Property, plant and equipment	1,197	1,447	1,772	3,275	3,519	1,446
Investment	76	115	76	76	110	110
Current assets	4,115	5,016	3,911	12,169	12,752	14,200
Current liabilities	4,366	5,172	4,088	10,755	10,963	10,769
Net current (liabilities)/assets	(251)	(156)	(177)	1,414	1,789	3,431
	1,022	1,406	1,671	4,765	5,418	4,987
Financed by:						
Share capital	480	480	1,000	1,000	1,000	1,000
Capital reserve	17	17	17	17	17	17
Retained profit	479	775	466	3,476	3,977	3,593
Shareholders' fund	976	1,272	1,483	4,493	4,994	4,610
Deferred and long term liabilities	46	134	188	272	424	377
	1,022	1,406	1,671	4,765	5,418	4,987
Net tangible assets (RM'000)	976	1,272	1,483	4,493	4,994	4,610
Net tangible assets per share (RM)	2.03	2.65	1.48	4.49	4.99	4.61

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7.5 MSB

	As at 31 December					As at
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	30 June 2001 RM'000
Property, plant and equipment	25	89	59	150	215	214
Associated company	-	-	*	*	*	*
Current assets	415	1,062	1,225	1,463	3,136	4,350
Current liabilities	331	776	496	570	1,982	3,244
Net current assets	84	286	729	893	1,154	1,106
Deferred expenditure	2	2	2	-	-	-
	111	377	790	1,043	1,369	1,320
Financed by:						
Share capital	105	210	550	550	550	550
Retained profit	6	145	220	485	760	726
Shareholders' fund	111	355	770	1,035	1,310	1,276
Deferred and long term liabilities	-	22	20	8	59	44
	111	377	790	1,043	1,369	1,320
Net tangible assets (RM'000)	109	353	768	1,035	1,310	1,276
Net tangible assets per share (RM)	1.04	1.68	1.40	1.88	2.38	2.32

* This represents cost of investment of RM1.00 (33.33%) in Megatara Services Sdn. Bhd. The results are not material and do not have a significant impact on the overall listing exercise.

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7.6 KPSB

	As at 30 June			
	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	183	182	153	129
Current assets	323	790	1,212	3,118
Current liabilities	306	71	147	1,659
Net current assets	17	719	1,065	1,459
	200	901	1,218	1,588
Financed by:				
Share capital	300	300	300	300
Retained (loss)/profit	(162)	591	892	1,270
Shareholders' fund	138	891	1,192	1,570
Long term and deferred liabilities	62	10	26	18
	200	901	1,218	1,588
Net tangible assets (RM'000)	138	891	1,192	1,570
Net tangible assets per share (RM)	0.46	2.97	3.97	5.23

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7.7 PJI-P

	As at 30 June				
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Property, plant and equipment	-	2,084	2,058	2,032	2,006
Current assets	367	74	1,555	1,674	267
Current liabilities	16	1,797	3,178	3,234	1,768
Net current assets/(liabilities)	351	(1,723)	(1,623)	(1,560)	(1,501)
	351	361	435	472	505
Financed by:					
Share capital	350	350	350	350	350
Retained profit	1	11	85	122	155
Shareholders' fund	351	361	435	472	505
Net tangible assets (RM'000)	351	361	435	472	505
Net tangible assets per share (RM)	1.00	1.03	1.24	1.35	1.44

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7.8 PJI-A

	As at 30 June				
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Property, plant and equipment	70	56	63	85	59
Current assets	1,398	980	1,003	5,064	3,337
Current liabilities	1,198	997	1,149	5,098	3,067
Net current assets/(liabilities)	200	(17)	(146)	(34)	270
	270	39	(83)	51	329
Financed by:					
Share capital	150	150	150	150	150
Retained profit/(loss)	81	(130)	(233)	(99)	177
Shareholders' fund	231	20	(83)	51	327
Long term and deferred liabilities	39	19	-	-	2
	270	39	(83)	51	329
Net tangible assets (RM'000)	231	20	(83)	51	327
Net tangible assets per share (RM)	1.54	0.13	(0.55)	0.34	2.18

7.9 AMJSB, PJIL, MAPL and PJIE

No financial information is presented as the companies had remained dormant since their incorporation.

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8. DETAILED PROFORMA STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of PJIH is based on the audited financial statements of PJIH as at 30 June 2001.

The statement of assets and liabilities of the Proforma Group is provided for illustrative purposes only and shows the effects of the Proposal on the assumption that they had been effected on 30 June 2001 and should be read in conjunction with the notes thereon.

		Proforma I	Proforma II	Proforma III	
	Note	Audited Balance Sheet RM'000	After Acquisition of Subsidiaries RM'000	After Proforma I and Rights Issue RM'000	After Proforma II and Proposed Public Issue RM'000
ASSETS					
Property, plant and equipment	9.2	5,980	18,835	18,835	18,835
Investment in an associated company	9.3	-	51	51	51
Investment in joint-venture	9.4	-	111	111	111
Other investments	9.5	-	110	110	110
Investment properties		-	4,479	4,479	4,479
CURRENT ASSETS					
Inventories	9.6	-	479	479	479
Trade and other receivables	9.7	50	94,110	94,110	94,110
Fixed deposits with licensed banks	9.8	-	10,188	10,188	10,188
Cash on hand and at banks		50	1,384	7,478	16,348
		100	106,161	112,255	121,125
CURRENT LIABILITIES					
Trade and other payables	9.9	1,415	54,816	54,816	54,816
Amount due to directors	9.10	-	147	147	147
Hire purchase creditors	9.11	-	359	359	359
Bank borrowings	9.12	480	15,065	15,065	15,065
Provision for taxation		-	4,426	4,426	4,426
		1,895	74,813	74,813	74,813
NET CURRENT (LIABILITIES)/ASSETS		(1,795)	31,348	37,442	46,312
DEFERRED EXPENDITURE	9.13	213	213	213	213
		4,398	55,147	61,241	70,111

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Financed by:

SHARE CAPITAL	9.14	300	33,545	38,420	45,200
SHARE PREMIUM	9.15	-	92	1,311	3,401
RESERVES	9.16	(214)	14,178	14,178	14,178
SHAREHOLDERS' FUND		86	47,815	53,909	62,779
MINORITY INTEREST		-	1,072	1,072	1,072
LONG TERM AND DEFERRED LIABILITIES					
Hire purchase creditors	9.11	-	458	458	458
Term loans	9.17	4,312	5,611	5,611	5,611
Deferred taxation		-	191	191	191
		4,398	55,147	61,241	70,111
NET TANGIBLE ASSETS ("NTA")		(127)	47,602	53,696	62,566
NTA PER SHARE (RM)		(0.42)	1.42	1.40	1.38

9. NOTES TO THE DETAILED PROFORMA STATEMENT OF ASSETS AND LIABILITIES**9.1 Significant Accounting Policies****a) Basis of Accounting**

The detailed proforma statement of assets and liabilities are prepared under the historical cost convention and comply with the applicable approved accounting standards of the Malaysian Accounting Standards Board other than as disclosed in paragraph 9.1(c).

b) Basis of Consolidation

The detailed proforma statement of assets and liabilities include the financial statements of PJIH and all its subsidiaries made up to the end of the financial year and have been prepared in accordance with the principle of merger accounting permitted under Malaysian Accounting Standard No. 2, except for MSB which has been prepared using the acquisition method of accounting.

Under the merger method of accounting, the results of PJIH and its subsidiaries are presented as if the companies had been combined throughout the current and previous accounting years. The difference between the nominal value of the share capital issued as purchase consideration and the nominal value of the share capital of the subsidiaries acquired is taken to merger reserves.

Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values are reflected in the proforma consolidated statement of assets and liabilities. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or reserves on consolidation as appropriate.

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All significant inter-company transactions are eliminated on consolidation and the statement of assets and liabilities reflect external transactions only.

c) Property, Plant And Equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Revaluations are made by independent valuer on an open market values basis. Any increase arising from valuation is credited to a revaluation reserve.

Depreciation is calculated to write off the cost on a straight-line basis over the expected useful lives of the assets concerned. Construction-in-progress and freehold land are not depreciated. No depreciation is provided for building on freehold land of one of the subsidiaries. This is a departure from MASB 15. It is the subsidiary's practice to maintain the asset in a high standard and condition with regular maintenance and improvements. Due to this, the assets maintain residual value at least equal to its respective book value such that depreciation would be insignificant. Accordingly, no depreciation is provided.

The principal annual rates of depreciation are as follows:

	Rate %
Buildings	2
Long leasehold land and buildings	1.02 to 1.12
Office equipment and furniture and fittings	5 to 20
Renovation, computers and air-conditioner	5 to 20
Electrical appliances	10
Carpet	10
Signboard	10
Telephone system	10
Tools, plant and machinery and motor vehicles	10 to 20
Security alarm system	10

The freehold land and building of one of the subsidiaries have not been revalued since they were revalued in 1996. The directors have not adopted a policy of regular revaluation of such assets and these assets are continued to be stated at their 1996 valuations less accumulated depreciation.

d) Investments

Long term investments are stated at cost. A provision is made when the directors are of the view that there is a permanent diminution in their value.

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e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes where relevant, appropriate proportion of overhead and is determined on a weighted average basis. Net realisable value is the estimated of the selling price in the ordinary course of business less cost to completion and selling expenses. Allowance is made for obsolete and slow moving inventories in determining net realisable value.

f) Amount Due From Customers For Project Works

Amount due from customers is stated at aggregate amount of costs incurred on incomplete projects and recognised profits (less recognised losses) to date less progress billings rendered to date. Cost includes direct materials, labour and attributable overheads. Where progress billings in respect of individual project exceed the amount included in amount due from customers, the excess amount is classified under current liabilities.

g) Receivables

Known bad debts are written off while specific provision is made for any debt which is considered to be doubtful of collection.

h) Cash And Cash Equivalents

Cash equivalents are short-term, liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

i) Hire Purchase

Property, plant and equipment acquired under hire purchase are capitalised and the corresponding obligations recorded as a liability. Finance charges are allocated to the income statement over the period of the respective hire purchase agreements.

j) Deferred Taxation

Deferred taxation is provided under the liability method in respect of all material timing differences except where it is reasonably expected that the tax effects of such deferrals will continue in the foreseeable future.

k) Deferred Expenditure

Deferred expenditure mainly comprises of listing expenses and will be written off against the share premium account upon completion of the listing exercise.

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l) Revenue Recognition

Revenue from projects is taken-up in the financial statements on percentage of completion method where outcome of the projects can be foreseen with reasonable certainty. Where outcome of a project cannot be reliably estimated, revenue is recognised to the extent of costs incurred that are recoverable. In all cases, anticipated losses are provided in full.

Revenue from trading is recognised when the goods are delivered.

Revenue from management/maintenance services is recognised when the services are rendered.

Rental and interest income from deposits is recognised on an accrual basis.

m) Joint-Venture

The Group's share of profit or loss in joint-venture is included in the Group's income statement. In the balance sheet, the Group's interest in joint-venture is stated at cost plus its share of profit or loss from the joint-venture.

9.2 PROPERTY, PLANT AND EQUIPMENT – PROFORMA GROUP

	Valuation/Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Long leasehold land and buildings	1,725	75	1,650
Freehold land and buildings	12,502	247	12,255
Office equipment, computer and air-conditioner	2,141	1,110	1,031
Furniture and fitting, renovation, electrical appliances, carpet, signboard, telephone system and security alarm system	1,774	822	952
Tools, plant and machinery and motor vehicles	3,613	1,492	2,121
Construction-in-progress	826	-	826
	22,581	3,746	18,835

The freehold land and buildings and leasehold land and buildings have been pledged to licensed banks for credit facilities granted.

The freehold land and buildings and leasehold land and buildings are shown at valuation based on valuation exercises carried out in 1996 and 1999 by independent firms of professional valuers on open market values basis. The carrying amount of the revalued assets had the assets been carried at cost is RM942,908.

Included in the long leasehold land and buildings is loan interest capitalised amounting to RM65,591.

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Included in the net book value of tools, plant and equipment and motor vehicles is an amount of RM1,322,589 representing assets acquired under hire purchase instalment plans.

9.3 INVESTMENT IN AN ASSOCIATED COMPANY – PROFORMA GROUP

	RM'000
Unquoted shares, at cost	*
Amount due from associated company	<u>51</u>
	<u>51</u>

* This represents cost of investment of RM1 (33.33%) in Megatara Services Sdn. Bhd., a company incorporated in Malaysia, by MSB. The results of the associated company are not equity accounted in the statement as they are not material and do not have a significant impact on the overall listing exercise.

The amount due from associated company is unsecured, interest-free and without fixed terms of repayment.

9.4 INVESTMENT IN JOINT-VENTURE – PROFORMA GROUP

	RM'000
Investment, at cost	27
Share of retained earnings	<u>84</u>
	<u>111</u>

The above represents a 55:45 unincorporated joint venture which was formed on 1 December 1994 between PJI and Adco Sdn. Bhd., a company incorporated in Malaysia, to provide electrical engineering works.

The following amounts represent the Group's interest in the assets, liabilities, income and expenses of the joint venture:

	RM
Property, plant and equipment	<u>697</u>
Current assets	<u>778,749</u>
Current liabilities	<u>668,254</u>
Net loss for the year	<u>5,451</u>

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9.5 OTHER INVESTMENTS – PROFORMA GROUP

	RM'000
Quoted shares in Malaysia, at cost	34
Transferable contribution rights	76
	<u>110</u>
Market value of quoted shares	<u>12</u>

The transferable contribution rights relate to an acquisition of rights to the corporate membership of a club.

9.6 INVENTORIES – PROFORMA GROUP

	RM'000
Finished goods	<u>479</u>

9.7 TRADE RECEIVABLES AND OTHER RECEIVABLES – PROFORMA GROUP

	RM'000
Trade receivables	85,730
Less: Provision for doubtful debts	<u>(2,425)</u>
	83,305
Other receivables	4,202
Amount due from joint-venture	172
Amount due from customers for project works {Note 9.7(a)}	<u>6,431</u>
	<u>94,110</u>

Included in the trade receivables are retention sum amounted to RM8,103,258

9.7(a) The Amount Due from / (to) Customers for Project Works

	RM'000
Contract cost incurred to date	515,076
Attributable profit	<u>57,988</u>
	573,064
Less: Progress billings	<u>(579,966)</u>
	<u>(6,902)</u>

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The amount is analysed as follows:

	RM'000
Amount due from customers (Note 9.7)	6,431
Amount due to customers (Note 9.9)	<u>(13,333)</u>
	<u>(6,902)</u>
9.8 FIXED DEPOSITS WITH LICENSED BANKS – PROFORMA GROUP	
Included in the fixed deposits is an amount of RM8,554,412 being amount pledged with licensed banks as security for credit and guarantee facilities granted.	
9.9 TRADE AND OTHER PAYABLES – PROFORMA GROUP	
	RM'000
Trade payables	40,652
Other payables	831
Amount due to customers for project works {Note 9.7(a)}	<u>13,333</u>
	<u>54,816</u>
9.10 AMOUNT OWING TO DIRECTORS - PROFORMA GROUP	
The amount owing to directors is unsecured, interest-free and without fixed terms of repayment.	
9.11 HIRE PURCHASE CREDITORS – PROFORMA GROUP	
	RM'000
Gross amount payable	950
Less: Interest in suspense	<u>(133)</u>
	817
Less: Amount repayable within one year	<u>(359)</u>
Amount repayable after one year	<u>458</u>

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9.12 BANK BORROWINGS – PROFORMA GROUP

	RM'000
Revolving credit	1,746
Short term credit	1,974
Trust receipts	100
Current portion of term loans	909
Bank overdrafts	10,336
	<hr/>
	15,065
	<hr/>

The bank borrowings are secured by way of:

- (a) Fixed deposits, properties and jointly and severally guaranteed by certain directors of the subsidiaries and third parties;
- (b) Guaranteed by Credit Guarantee Corporation (CGC).
- (c) Landed properties belong to one of the subsidiaries' director; and
- (d) All of the assets of a subsidiary.

The interest charged ranged from 8.8% to 10% per annum.

9.13 DEFERRED EXPENDITURE – PROFORMA GROUP

Deferred expenditure represents listing expenses of PJIH Group.

9.14 SHARE CAPITAL – PROFORMA GROUP

	Company	Proforma Group		
		Proforma I	Proforma II	Proforma III
	Audited Balance Sheet	After Acquisition of Subsidiaries	After Proforma I and Rights Issue	After Proforma II and Proposed Public Issue
	RM'000	RM'000	RM'000	RM'000
<u>Authorised:</u>				
Ordinary shares of RM1.00 each	300	100,000	100,000	100,000
<u>Issued and fully paid-up:</u>				
Ordinary shares of RM1.00 each	300	33,545	38,420	45,200

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On completion of the acquisition of the subsidiaries, Rights Issue and Public Issue, the issued and fully paid-up share capital of PJIH will increase from 300,000 ordinary shares of RM1.00 each to 45,200,000 ordinary shares of RM1.00 each analysed as follows:

	RM
Prior to implementation of the Restructuring Scheme	300,000
Acquisition of subsidiaries	<u>33,244,799</u>
After the acquisition	33,544,799
Rights Issue	<u>4,875,201</u>
After the acquisition and Rights Issue	38,420,000
Public Issue	<u>6,780,000</u>
	<u><u>45,200,000</u></u>

9.15 SHARE PREMIUM – PROFORMA GROUP

The premium arising of RM3.401 million (after deducting estimated listing expenses of RM1.3 million) is credited against share premium account in the detailed proforma statements of assets and liabilities after the acquisition of subsidiaries, Rights Issue and Public Issue.

9.16 RESERVES – PROFORMA GROUP

The reserves comprise of the following:

	Revaluation Reserves RM'000	Reserves on Consolidation RM'000	Revenue Reserves RM'000	Total RM'000
Total before set-off	685	300	37,296	38,281
Merger deficit set-off	(685)	(300)	(23,118)	(24,103)
	<u>-</u>	<u>-</u>	<u>14,178</u>	<u>14,178</u>

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9.17 TERM LOANS – PROFORMA GROUP

	RM'000
Total repayable	6,520
Amount repayable within one year	<u>(909)</u>
Amount repayable after one year	<u>5,611</u>

The term loans are secured on the subsidiaries' properties and jointly and severally guaranteed by certain directors of the subsidiaries. The term loans bear interest at the rate of 1.5% to 2% per annum above the Base Lending Rates.

10. PROFORMA NTA COVER

Based on the statement of assets and liabilities of the proforma PJIH Group as at 30 June 2001, the NTA cover per share is calculated as follows:

	Proforma Group
NTA per statement of assets and liabilities of the proforma PJIH Group as at 30 June 2001 (RM'000)	62,566
Number of ordinary shares of RM1.00 each assumed in issue (000)	45,200
NTA cover per share of RM1.00 each	1.38

11. CASH FLOW STATEMENTS

We set out below the cash flows of PJIH and its subsidiary companies based on the latest audited financial statements as at 30 June 2001.

11.0 ACCOUNTANTS' REPORT

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11.1 The Company

	For the year ended 30 June 2001 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss for the year	(214)
Adjustments for:	
Interest expense	68
Preliminary expenses written off	5
Pre-operating expenses written off	<u>5</u>
	(136)
Changes in working capital:	
Other receivables	525
Other payables	<u>907</u>
Net cash generated from operating activities	<u>1,296</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	<u>(1,180)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of term loan	<u>(76)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	40
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>10</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>50</u>
Cash and cash equivalents comprise the following:	
Cash at banks	<u>50</u>

11.0 ACCOUNTANTS' REPORT

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11.2 PJI

**For the year
ended
30 June 2001
RM'000**

CASH FLOWS FROM OPERATING ACTIVITIES

Operating profit	9,197
Adjustments for:	
Depreciation of property, plant and equipment	521
Interest expense	237
Loss on disposal of property, plant and equipment	12
Reversal of assets	9
Rental income	(44)
Interest income	(376)
	9,556
Changes in working capital:	
Amount due from customers for project works	(1,424)
Amount due to customers for project works	(1,489)
Trade and other receivables	(11,846)
Trade and other payables	7,183
Inter-company balances	(28)
Bank borrowings	578
	2,530
Cash generated from operations	2,530
Tax paid	(2,432)
Interest paid	(88)
	10
Net cash generated from operating activities	10

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from disposal of property, plant and equipment	174
Purchase of property, plant and equipment	(484)
Interest received	376
Rental received	44
Withdrawal of fixed deposits	2,877
	2,987
Net cash generated from investing activities	2,987

(forward)

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CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid	(7,204)
Repayment of term loans	(800)
Repayment of hire purchase	<u>(292)</u>
Net cash used in financing activities	<u>(8,296)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,299)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,534</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>(1,765)</u>

Cash and cash equivalents comprise the following:

Cash on hand and at banks	1,047
Fixed deposits with licensed banks	926
Bank overdrafts	<u>(3,738)</u>
	<u>(1,765)</u>

11.3 OEC

**10 months
ended
30 June 2001
RM'000**

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	3,132
Adjustments for:	
Depreciation of property, plant and equipment	160
Interest expense	195
Property, plant and equipment written off	2
Gain on disposal of property, plant and equipment	(38)
Interest income	<u>(82)</u>
	3,369

(forward)

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Changes in working capital:

Inventories	(137)
Trade and other receivables	(8,354)
Trade and other payables	<u>2,704</u>
Cash used in operations	(2,418)
Tax paid	(654)
Interest received	82
Interest paid	(195)
Dividend paid	<u>(1,500)</u>
Net cash used in operating activities	<u>(4,685)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from disposal of property, plant and equipment	38
Purchase of property, plant and equipment	<u>(57)</u>
Net cash used in investing activities	<u>(19)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of hire purchase	<u>(8)</u>
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NET DECREASE IN CASH AND CASH EQUIVALENTS (4,712)

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD 976

CASH AND CASH EQUIVALENTS AT END OF PERIOD (3,736)

Cash and cash equivalents comprise the following:

Cash on hand and at banks	1,797
Bank overdrafts	<u>(5,533)</u>
	<u><u>(3,736)</u></u>

11.0 ACCOUNTANTS' REPORT

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11.4 KTSB

**6 months
ended
30 June 2001
RM'000**

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	888
Adjustments for:	
Depreciation of property, plant and equipment	93
Interest expense	28
Interest income	(30)
Gain on disposal of property, plant and equipment	(114)
	<u>865</u>
Changes in working capital:	
Inventories	199
Trade and other receivables	(2,111)
Trade and other payables	(1,282)
Directors	101
	<u>(2,228)</u>
Cash used in operations	(2,228)
Tax paid	(120)
Interest paid	(28)
	<u>(2,376)</u>
Net cash used in operating activities	<u>(2,376)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Dividend paid	(1,000)
Interest received	30
Proceeds from disposal of property, plant and equipment	2,115
Purchase of property, plant and equipment	(21)
	<u>1,124</u>
Net cash used in investing activities	<u>1,124</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of term loans	(8)
	<u>(8)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,260)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>1,944</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD (forward)	<u>684</u>

11.0 ACCOUNTANTS' REPORT

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Cash and cash equivalents comprise the following:

Cash on hand and at banks	54
Fixed deposits with licensed banks	1,430
Bank overdrafts	(800)
	<u>684</u>

11.5 MSB

**6 months
ended
30 June 2001
RM'000**

CASH FLOWS FROM OPERATING ACTIVITIES

Loss before taxation	(42)
Adjustments for:	
Depreciation of property, plant and equipment	28
Provision for doubtful debts	269
Interest expense	15
Interest income	(7)
	<u>263</u>
Changes in working capital:	
Trade and other receivables	(1,447)
Trade and other payables	1,245
	<u>61</u>
Cash used in operations	61
Tax paid	(29)
Interest paid	(15)
	<u>17</u>
Net cash used in operating activities	17
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(26)
Interest received	7
	<u>(19)</u>
Net cash used in investing activities	(19)
(forward)	

11.0 ACCOUNTANTS' REPORT

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CASH FLOWS FROM FINANCING ACTIVITIES

Net proceeds of trust receipts	52
Repayment of hire purchase	(7)
	<hr/>
Net cash generated from financing activities	45
NET DECREASE IN CASH AND CASH EQUIVALENTS	43
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	184
	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	227
	<hr/>
Cash and cash equivalents comprise the following:	
Cash on hand and at banks	84
Fixed deposit with licensed bank	407
Bank overdraft	(264)
	<hr/>
	227
	<hr/>

11.6 KPSB

**For the year
ended
30 June 2001
RM'000**

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	530
Adjustments for:	
Depreciation of property, plant and equipment	30
Interest expense	3
Interest income	(10)
	<hr/>
	553
Changes in working capital:	
Amount due from customers for project works	(35)
Amount due to customers for project works	1,300
Trade and other receivables	(107)
Trade and other payables	159
Inter-company	(1,637)
	<hr/>
Cash generated from operations	233

(forward)

11.0 ACCOUNTANTS' REPORT

GEP ASSOCIATES
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Tax paid	<u>(99)</u>
Net cash generated from operating activities	<u>134</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	10
Purchase of property, plant and equipment	<u>(6)</u>
Net cash generated from investing activities	<u>4</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of hire purchase	<u>(11)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	127
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>201</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>328</u></u>
 Cash and cash equivalents comprise the following:	
Cash on hand and at bank	28
Fixed deposits with a licensed bank	<u>300</u>
	<u><u>328</u></u>

11.0 ACCOUNTANTS' REPORT

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11.7 PJI-P

**For the year
ended
30 June 2001
RM'000**

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	54
Adjustment for:	
Depreciation of property, plant and equipment	26
	80
Changes in working capital:	
Trade and other receivables	1,417
Trade and other payables	(1,364)
Inter-company	(78)
Cash generated from operations	55
Tax paid	(46)
Net cash generated from operating activities	9
NET INCREASE IN CASH AND CASH EQUIVALENTS	9
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	51
CASH AND CASH EQUIVALENTS AT END OF YEAR	60
Cash and cash equivalents comprise the following:	
Cash at banks	60

11.0 ACCOUNTANTS' REPORT

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11.8 PJI-A

**For the year
ended
30 June 2001
RM'000**

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	326
Adjustment for:	
Depreciation of property, plant and equipment	<u>28</u>
	354
Changes in working capital:	
Amount due to customers for project works	(2,071)
Trade and other receivables	(15)
Trade and other payables	(8)
Inter-company	<u>1,716</u>
Net cash used in operating activities	<u>(24)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	<u>(2)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(26)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>60</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>34</u></u>
 Cash and cash equivalents comprise the following:	
Cash on hand and at bank	<u>34</u>

11.9 AMJSB, PJIL, MAPL and PJIE

No financial information is presented as the companies had remained dormant since their incorporation.

11.0 ACCOUNTANTS' REPORT

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12. SUBSEQUENT EVENTS

Subsequent to the date of the last audited financial statements made up to 30 June 2001, the following significant events took place:

- (a) On 7 August 2001, PJIH acquired the entire paid up capital of PJI for RM19,656,723 which was satisfied by the issue of 17,395,330 new ordinary shares of RM1.00 each in PJIH at an issue price of RM1.13 per share.
- (b) On 7 August 2001, PJIH acquired 80% of the paid up capital of MSB for RM801,824 which was satisfied by the issue of 709,579 new ordinary shares of RM1.00 each in PJIH at an issue price of RM1.13 per share.
- (c) On 7 August 2001, PJIH acquired the entire paid up capital of KTSB for RM2,786,472 which was satisfied by the issue of 2,465,904 new ordinary shares of RM1.00 each in PJIH at an issue price of RM1.13 per share.
- (d) On 7 August 2001, PJIH acquired the entire paid up capital of OEC for RM14,321,604 which was satisfied by the issue of 12,673,986 new ordinary shares of RM1.00 each in PJIH at an issue price of RM1.13 per share.
- (e) On 10 September 2001, PJIH entered into an underwriting agreement with Southern Investment Bank Berhad (formerly known as Perdana Merchant Bankers Berhad), SSB Securities Sdn. Bhd. and UT Securities Sdn. Bhd. for the proposed public issue of 6,780,000 new ordinary shares of RM1.00 each at an issue price of RM1.50 per share.
- (f) On 20 September 2001, PJIH undertook a rights issue of 4,875,201 new ordinary shares of RM1.00 each on the basis of approximately 100 new ordinary shares for every 688 existing ordinary shares held after the abovementioned acquisition at an issue price of RM1.25 per share.

11.0 ACCOUNTANTS' REPORT

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13. AUDITED FINANCIAL STATEMENTS

No audited financial statements of the Company and its subsidiaries have been prepared in respect of any period subsequent to 30 June 2001.

Yours faithfully,



GEP ASSOCIATES
AF 1030
Public Accountants



GONG WOUI TEIK
741/04/02 (J)
Partner of the Firm