(Prepared for inclusion in the Prospectus.)

MOORE STEPHENS
CHARTERED ACCOUNTANTS

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ACCOUNTANTS' REPORT

(Prepared for inclusion in this Prospectus)

Date: 23 January 2002

The Board of Directors
CAM RESOURCES BERHAD
Mezzanine Floor
No. 8A, Jalan Sri Semantan Satu
Damansara Heights
50490 Kuala Lumpur

Dear Sirs,

A. INTRODUCTION

This report has been prepared by Moore Stephens, an approved company auditor, for inclusion in the Prospectus of CAM Resources Berhad ("CAM" or "Company") to be dated 30 January 2002 in connection with the public issue of 6,150,000 new ordinary shares of RM1.00 each at an issue price of RM1.38 per new ordinary share, the special issue and restricted offer for sale of 5,185,000 new ordinary shares of RM1.00 each and 7,115,000 ordinary shares of RM1.00 each respectively to Bumiputera investors approved by the Ministry of International Trade and Industry at an issue/offer price of RM1.38 per ordinary share and the admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of CAM on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE").

B. RESTRUCTURING SCHEME

In conjunction with the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Second Board of the KLSE, the Company undertook the following restructuring scheme which was approved by the relevant authorities: -

(i) Acquisition of the following subsidiary companies: -

(a) Acquisition of the entire issued and paid-up share capital of Central Aluminium Manufactory Sdn Bhd ("CAluminium") comprising 3,022,475 ordinary shares of RM1.00 each for a purchase consideration of RM39,611,117 to be satisfied by the issuance of 29,097,000 new ordinary shares of RM1.00 each in CAM at an issue price of approximately RM1.36 per new ordinary share. The purchase consideration of RM39,611,117 was arrived at based on the audited consolidated net tangible assets of CAluminium as at 31 December 2000 of RM32,404,637 and after adjusting for enhancement in value of the landed properties of CAluminium by RM7,206,480. The enhancement in value is computed based on the difference between the net book value of CAluminium's landed properties as at 31 December 1999 totaling RM5,897,520 and their market valuation approved by the Securities Commission totaling RM13,104,000;

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(b) Acquisition of the remaining 36,002 ordinary shares of RM1.00 each of Central Melamineware Sdn Bhd ("CMelamine") not already held by CAluminium representing 7.35% equity interest in CMelamine for a purchase consideration of RM423,683 to be satisfied by the issuance of 268,000 new ordinary shares of RM1.00 each in CAM at an issue price of approximately RM1.58 per new ordinary share; and

(c) Acquisition from CAluminium the entire investment in the subsidiary companies of CAluminium, namely 100% equity interest in Advance Eagle Marketing Sdn. Bhd. ("AEMkt") and 92.65% equity interest in CMelamine, for cash considerations equivalent to CAluminium's share of net tangible assets of these subsidiary companies as at 31 December 2000.

The acquisitions referred to in (a) and (b) above are completed on 7 January 2002 whilst the acquisitions referred to in (c) above are completed on 14 January 2002.

(The above transactions are hereinafter collectively referred to as "Acquisitions").

(ii) Special issue of 5,185,000 new ordinary shares of RM1.00 each in CAM ("Special Issue") and restricted offer for sale of 7,115,000 ordinary shares of RM1.00 each in CAM to Bumiputera investors approved by the Ministry of International Trade and Industry at an issue/offer price of RM1.38 per ordinary share; and

(iii) Public issue of 6,150,000 new ordinary shares of RM1.00 each in CAM at an issue price of RM1.38 per new ordinary share ("Public Issue").

C. GENERAL INFORMATION

(i) Background

CAM was incorporated in Malaysia on 20 December 2000 as a public company under the name of CAM Resources Berhad.

(ii) Principal Activity

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are disclosed in Section (iv) below.

(iii) Share Capital

The authorised share capital of CAM is RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each.

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

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue (at par unless otherwise stated)	Total issue and paid-up share capital RM
20 December 2000	300,000	Subscribers' shares	300,000
7 January 2002	29,097,000	Issued at approximately RM1.36 per share for acquisition of 100% equity interest in CAluminium	29,397,000
7 January 2002	268,000	Issued at approximately RM1.58 per share for acquisition of 7.35% equity interest in CMelamine	29,665,000

(iv) Subsidiary Companies

Details of the Company's subsidiary companies, all of which are incorporated in Malaysia, as at the date of this report are as follows: -

Name of Company	Date of Incorporation	Authorised Share Capital RM	Issued and Paid-up Ordinary Share Capital RM	Par Value RM	Effective Interest Held by CAM	Principal Activities
CAluminium	10 January 1979	3,500,000	3,022,475	1.00	100%	Manufacturing and trading of aluminium and stainless steel kitchen ware/sinks and stainless steel kitchen knives.
CMelamine	16 August 1988	500,000	490,005	1.00	100%	Manufacturing and trading of melamine table ware.
AEMkt	21 August 1989	500,000	450,005	1.00	100%	Sale and distribution of aluminium and stainless steel kitchen ware/sinks, stainless steel kitchen knives, melamine table ware and other household products.

D. DIVIDENDS

Details of dividends paid or declared by the Company and its subsidiary companies ("CAM Group" or "Group") for the financial years/period under review are as follows: -

Name of Company	Period of Financial Statements	Date of Declaration	Date of Payment	Entitled Issued and Paid-up Share Capital RM	Gross Dividend per Share %	Tax Rate %	Net Dividend Paid sen	Aggregate Dividend Paid RM
CAluminium	Year ended 31 December 1995	29 November 1995	31 December 1995	2,500,000	35.0	30	24.50	612,500
	Year ended 31 December 1996	28 December 1996	30 December 1996	2,500,000	18.0	30	12.60	315,000
	Year ended 31 December 1998	25 March 1998	25 March 1998	2,500,000	144.8	28	104.26	2,606,400
	Year ended 31 December 1999	7 June 1999	15 June 1999	2,500,000	72.0	28	51.84	1,296,000
	Year ended 31 December 1999	31 December 1999	31 December 1999	2,500,000	110.0	28	79.20	1,980,000
	Year ended 31 December 2000	26 October 2000	15 March 2001	2,500,000	166.7	28	120.00	3,000,060
CMelamine	Year ended 31 December 1996	30 June 1996	30 December 1996	490,005	220.0	30	154.00	754,608
	Year ended 31 December 1999	31 December 1999	11 December 2000	490,005	141.8	28	102.10	500,275
	Year ended 31 December 2000	26 October 2000	15 March 2001	490,005	81.6	28	58.78	288,029
AEMkt	Year ended 31 December 2000	26 October 2000	15 March 2001	450,005	100.0	28	72.00	324,004

The Group did not have any fixed dividend payment policy for the financial years/period under review.

E. BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

This report is prepared based on audited financial statements which have been prepared in accordance with approved accounting standards issued by Malaysian Accounting Standards Board, and is presented on a basis consistent with the accounting policies normally adopted by CAM Group.

F. FINANCIAL STATEMENTS AND AUDITORS

We have been appointed as auditors of the Company since the date of its incorporation. We have also acted as auditors of CAluminium, CMelamine and AEMkt for all the financial years/period under review except for the financial year ended 31 December 1995 in respect of which Messrs. P.Rethinasamy & Co. were their auditors.

The auditors' reports on the financial statements of the Company and all its subsidiary companies for all the financial years/period under review were not subject to any reservation or qualification.

G. SUMMARISED INCOME STATEMENTS

We set out below the summarised audited results of CAM for the period from 20 December 2000 (date of incorporation) up to 31 July 2001 and the summarised proforma consolidated results of the Group for the past five (5) financial years ended 31 December 2000 and the seven (7) months ended 31 July 2001 prepared based on the audited results of CAM, CAluminium, CMelamine and AEMkt on the assumption that the current structure of the CAM Group has been in existence throughout the financial years/period under review.

We also set out below the summarised audited results of CAluminium (company level), CMelamine and AEMkt respectively for the past five (5) financial years ended 31 December 2000 and the seven (7) months ended 31 July 2001.

1. CAM

	[1] 20.12.2000 to 31.7.2001 RM'000
Turnover	-
Loss before taxation	(4)
Taxation	-
Loss after taxation	(4)
Number of ordinary shares assumed in issue ('000)	300
Gross loss per share (sen)	(1.33)
Net loss per share (sen)	(1.33)
Gross dividend rate (%)	-

[1] *First financial statements.*

Notes: -

(a) *There was no extraordinary item or exceptional item as defined in the Malaysian Accounting Standards Board Standard 3 ("MASB 3") on "Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies" for the period under review.*

(b) *The loss before taxation mainly represents administrative expenditure of CAM for the period.*

(c) *The gross loss per share is computed based on the loss before taxation divided by the number of ordinary shares in issue during the period.*

(d) *The net loss per share is computed based on the loss after taxation divided by the number of ordinary shares in issue during the period.*

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2. CAM – Proforma Group

	< ------------Financial Years Ended 31 December				-------------- >	7 Months Ended 31 July
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Turnover	43,188	44,588	39,443	44,047	46,944	26,886
Profit before depreciation, amortisation, interest and exceptional item	9,105	9,897	7,205	9,383	10,792	7,630
Depreciation and amortisation	(1,133)	(1,561)	(1,882)	(1,997)	(2,121)	(1,894)
Interest expense	(831)	(1,356)	(1,972)	(1,306)	(1,108)	(629)
Exceptional item	-	(339)	-	-	-	-
Profit before taxation	7,141	6,641	3,351	6,080	7,563	5,107
Taxation	(1,469)	(1,343)	(416)	(310)	(1,575)	(1,044)
Profit after taxation	5,672	5,298	2,935	5,770	5,988	4,063
Number of ordinary shares assumed in issue ('000) [(1)]	29,665	29,665	29,665	29,665	29,665	29,665
Gross earnings per share (sen)	24.07	22.39	11.30	20.50	25.49	[(2)] 29.51
Net earnings per share (sen)	19.12	17.86	9.89	19.45	20.19	[(2)] 23.48
Profit before taxation margin (%)	17	15	8	14	16	19
Effective tax rate (%)	21	20	12	5	21	20
Gross dividend rate (%)	-	-	-	-	-	-

(1) *Based on number of ordinary shares assumed to be in issue after the Acquisitions.*
(2) *Annualised earnings are used for the computation.*

Notes: -

(a) *The proforma consolidated results for the past five (5) financial years ended 31 December 2000 and the seven (7) months ended 31 July 2001 are prepared for illustrative purposes only and are based on the audited results of CAM, CAluminium, CMelamine and AEMkt for the past five (5) financial years ended 31 December 2000 and the seven (7) months ended 31 July 2001.*

(b) *The proforma consolidated results have been prepared based on accounting policies consistent with those currently adopted in the preparation of the audited financial statements of the Group.*

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

(d) *The exceptional item for the financial year ended 31 December 1997 was in respect of expenses incurred on an aborted flotation exercise undertaken by CAluminium.*

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(e) *There was no extraordinary item as defined in MASB 3 for all the financial years/period under review.*

(f) *The increase in turnover for the financial year ended 31 December 1997 as compared to the financial year ended 31 December 1996 was mainly due to a continuous growth from the aggressive marketing strategy adopted by AEMkt in the previous financial year, the introduction of new ranges of stainless steel kitchenwares and an increase in demand for higher priced floral design melamine table ware. However, the increase in turnover was mitigated by a significant curtailment in the sales of plastic wares.*

The decrease in turnover for the financial year ended 31 December 1998 as compared to the financial year ended 31 December 1997 was mainly due to a decrease in local demand for the Group's products and the adoption of selective sales approach by selling only to customers with good payment profile as a result of downturn in the Malaysian and regional economies.

The increase in turnover for the financial year ended 31 December 1999 as compared to the financial year ended 31 December 1998 was mainly due to an increase in local demand for the Group's products amidst the gradual recovery in the Malaysian economy coupled with the introduction of new ranges of aluminium and stainless steel kitchenwares.

The increase in turnover for the financial year ended 31 December 2000 as compared to the financial year ended 31 December 1999 was mainly due to an increase in export demand for the Group's products which partially boosted by the introduction of high value added stainless steel kitchenwares.

The decrease in the annualised turnover for the seven (7) months ended 31 July 2001 as compared to the financial year ended 31 December 2000 was mainly due to a decrease in orders from both existing local and overseas customers.

(g) *The decrease in margin of profit before taxation over turnover ("PBT Margin") for the financial year ended 31 December 1997 as compared to the financial year ended 31 December 1996 was mainly due to an increase in interest expense as a result of increase in utilisation of banking facilities, written off of expenses incurred on an aborted flotation exercise undertaken by CAluminium and an increase in depreciation charge for fixed assets arising from acquisition of machinery for CAluminium's new factory building.*

The significant decrease in PBT Margin for the financial year ended 31 December 1998 as compared to the financial year ended 31 December 1997 was mainly due to an increase in prices of certain raw materials, a decrease in sales composition of higher margin floral design melamine table ware, a further increase in interest expense attributed to higher interest rates and a higher depreciation charge due to purchase of machinery and completion of CAluminium's new factory building.

The recovery of the PBT Margin for the financial year ended 31 December 1999 as compared to the financial year ended 31 December 1998 was mainly due to the fine-tuning of labour force to reduce manufacturing staff costs, the economies of scale resulted from higher production volume and a reduction in interest expense as a result of lower interest rates.

The increase in PBT Margin for the financial year ended 31 December 2000 as compared to the financial year ended 31 December 1999 was mainly due to an increase in sales composition of floral design melamine table ware and the sale of high value added stainless steel kitchenwares, both of which have higher profit margin, and a reduction in interest expense and administrative costs.

The increase in PBT Margin for the seven (7) months ended 31 July 2001 as compared to the financial year ended 31 December 2000 was mainly due to a decrease in prices of certain raw materials and a lower increase in certain administrative costs.

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(h) *In arriving at the Proforma Group taxation figures, the audited taxation figures of CAluminium, CMelamine and AEMkt for all the financial years/period under review have been adjusted to account for under/over provision of taxation to the financial year/period in which it relates in order to be more reflective of the tax position for the respective financial year/period as follow: -*

	< ----------Financial Years Ended 31 December				--------------- >	7 Months Ended 31 July
	1996	**1997**	**1998**	**1999**	**2000**	**2001**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Taxation						
As per audited financial statements	*1,713*	*2,112*	*(334)*	*278*	*1,537*	*534*
Adjustments	*(244)*	*(769)*	*750*	*32*	*38*	*510*
As adjusted	*1,469*	*1,343*	*416*	*310*	*1,575*	*1,044*

(i) *The lower adjusted effective tax rate applicable to the financial years ended 31 December 1996, 1997, 1998, 2000 and the seven (7) months ended 31 July 2001 was mainly due to the availability of reinvestment allowance claimed by CAluminium and CMelamine under Schedule 7A of the Income Tax Act, 1967 in respect of qualifying fixed assets acquired during these years/period. The lower adjusted effective tax rate applicable to the financial year ended 31 December 1999 was mainly due to waiver of income tax in accordance with the provision of the Income Tax (Amendment) Act 1999.*

(j) *There was no minority interest for all the financial years/period under review.*

(k) *No dividend has been declared or paid by CAM during the financial years/period under review. The dividends declared and paid by CAluminium, CMelamine and AEMkt during the financial years/period under review can be referred to in paragraph D.*

(l) *The proforma gross earnings per share is computed based on the proforma profit before taxation divided by the number of ordinary shares assumed to be in issue following the Acquisitions.*

The proforma net earnings per share is computed based the proforma profit after taxation divided by the number of ordinary shares assumed to be in issue following the Acquisitions.

3. **CAluminium**

	< Financial Years Ended 31 December				>	7 Months Ended 31 July
	1996 RM'000	**1997 RM'000**	**1998 RM'000**	**1999 RM'000**	**2000 RM'000**	**2001 RM'000**
Turnover	24,845	29,191	26,639	32,982	33,567	18,370
Profit before depreciation, amortisation, interest and exceptional item	6,895	6,989	5,245	7,732	8,564	5,128
Depreciation and amortisation	(748)	(964)	(1,213)	(1,304)	(1,360)	(1,424)
Interest expense	(517)	(929)	(1,413)	(1,042)	(849)	(472)
Exceptional item	-	(339)	-	-	-	-
Profit before taxation	5,630	4,757	2,619	5,386	6,355	3,232
Taxation	(1,208)	(955)	(236)	(459)	(1,240)	(535)
Profit after taxation	4,422	3,802	2,383	4,927	5,115	2,697
Weighted average number of ordinary shares in issue ('000)	2,500	2,500	2,500	2,500	(1) 2,544	3,022
Gross earnings per share (RM)	2.25	1.90	1.05	2.15	2.50	(2) 1.83
Net earning per share (RM)	1.77	1.52	0.95	1.97	2.01	(2) 1.53
PBT Margin (%)	23	16	10	16	19	18
Effective tax rate (%)	21	20	9	9	20	17
Gross dividend rate (%)	18.0	-	144.8	182.0	(3) 166.7	-

(1) *Weighted average number of ordinary shares in issue after taking into account the allotment of 522,475 ordinary shares of RM1.00 each on 1 December 2000.*

(2) *Annualised earnings are used for the computation.*

(3) *Based on the issued and paid-up share capital of 2,500,000 ordinary shares of RM1.00 each.*

Notes: -

(a) *The exceptional item for the financial year ended 31 December 1997 was in respect of expenses incurred on an aborted flotation exercise undertaken by CAluminium.*

(b) *There was no extraordinary item as defined in MASB 3 for all the financial years/period under review.*

(c) *The increase in turnover of CAluminium for the financial year ended 31 December 1997 as compared to the financial year ended 31 December 1996 was mainly contributed by aggressive marketing via AEMkt including the use of media advertisement to cover a broader local customer base, the introduction of new ranges and wider variety of stainless steel and aluminium kitchenwares, an increase in export sales to existing customer in Sri Lanka and penetration into new overseas markets, namely Bangladesh, Myanmar and United Arab Emirates.*

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The decrease in turnover for the financial year ended 31 December 1998 as compared to the financial year ended 31 December 1997 was mainly due to a decrease in local demand for CAluminium's products caused by lower demand from construction sector as a result of downturn in the Malaysian economy.

The increase in turnover for the financial year ended 31 December 1999 as compared to the financial year ended 31 December 1998 was mainly due to an increase in local demand for CAluminium's products amidst the gradual recovery in the Malaysian and regional economies, the introduction of new ranges of aluminium and stainless steel kitchenwares, an increase in export sales to existing foreign customers and the penetration into a new overseas market namely Indonesia.

The increase in turnover for the financial year ended 31 December 2000 as compared to the financial year ended 31 December 1999 was mainly due to an increase in orders from existing foreign customers.

The decrease in the annualised turnover for the seven (7) months ended 31 July 2001 as compared to the financial year ended 31 December 2000 was mainly due to a decrease in orders from both existing local and overseas customers.

(d) *The decrease in PBT Margin for the financial year ended 31 December 1997 as compared to the financial year ended 31 December 1996 was mainly due to an increase in manufacturing staff costs, an increase in interest expense resulted from higher utilisation of banking facilities, the written off of expenses incurred on an aborted flotation exercise undertaken by CAluminium and an increase in depreciation charge arising from acquisition of machinery for CAluminium's new factory building.*

The decrease in PBT Margin for the financial year ended 31 December 1998 as compared to the financial year ended 31 December 1997 was mainly due to higher cost of raw materials, a further increase in interest expense attributable to higher interest rates and higher depreciation charge due to purchase of machinery and completion of CAluminium's new factory building.

The increase in PBT Margin for the financial year ended 31 December 1999 as compared to the financial year ended 31 December 1998 was mainly due to a decrease in manufacturing staff costs as a result of fine-tuning of labour force coupled with the resignation of two (2) executive directors, the economies of scale resulted from higher production volume and a decrease in interest expense attributable to lower interest rates.

The increase in PBT Margin for the financial year ended 31 December 2000 as compared to the financial year ended 31 December 1999 was mainly due to receipt of dividend, mould maintenance fee and motor vehicle rental revenue from subsidiary companies and a decrease in interest expense as a result of lower interest rates.

The decrease in PBT Margin for the seven (7) months ended 31 July 2001 as compared to the financial year ended 31 December 2000 was mainly due to lower turnover and the absence of dividend income from subsidiary companies which were mitigated by a decrease in prices of certain raw materials in this period.

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

	< ------------Financial Years Ended 31 December --------------- >					7 Months Ended 31 July
	1996	**1997**	**1998**	**1999**	**2000**	**2001**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Taxation						
As per audited financial statements	*1,393*	*1,575*	*(340)*	*427*	*1,232*	*26*
Adjustments	*(185)*	*(620)*	*576*	*32*	*8*	*509*
As adjusted	*1,208*	*955*	*236*	*459*	*1,240*	*535*

(f) *The lower adjusted effective tax rate applicable to the financial years ended 31 December 1996, 1997, 1998, 2000 and the seven (7) months ended 31 July 2001 was mainly due to availability of reinvestment allowance claimed under Schedule 7A of the Income Tax Act, 1967 in respect of qualifying fixed assets acquired during these years/period. The lower adjusted effective tax rate applicable to the financial year ended 31 December 1999 was mainly due to waiver of income tax in accordance with the provisions of the Income Tax (Amendment) Act 1999.*

(g) *The gross earnings per share is computed based on the profit before taxation divided by the weighted average number of ordinary shares in issue during the financial years/period.*

The net earnings per share is computed based on the profit after taxation divided by the weighted average number of ordinary shares in issue during the financial years/period.

4. CMelamine

	< --------------Financial Years Ended 31 December---------------- >					7 Months Ended 31 July
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Turnover	6,493	8,691	8,561	9,139	10,388	6,433
Profit before depreciation and interest	2,203	2,584	1,447	1,797	2,396	1,739
Depreciation	(269)	(412)	(462)	(547)	(646)	(420)
Interest expense	(255)	(303)	(367)	(176)	(172)	(109)
Profit before taxation	1,679	1,869	618	1,074	1,578	1,210
Taxation	(378)	(359)	(118)	(62)	(419)	(317)
Profit after taxation	1,301	1,510	500	1,012	1,159	893
Number of ordinary shares in issue ('000)	490	490	490	490	490	490
Gross earnings per share (RM)	3.43	3.81	1.26	2.19	3.22	(1) 4.23
Net earning per share (RM)	2.66	3.08	1.02	2.07	2.37	(1) 3.12
PBT Margin (%)	26	22	7	12	15	19
Effective tax rate (%)	23	19	19	6	27	26
Gross dividend rate (%)	220.0	-	-	141.8	81.6	-

(1) *Annualised earnings are used for the computation.*

Notes: -

(a) *There was no extraordinary item or exceptional item as defined in MASB 3 for all the financial years/period under review.*

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(b) *The increase in turnover for the financial year ended 31 December 1997 as compared to the financial year ended 31 December 1996 was mainly due to an increase in local demand for CMelamine's products coupled with an increase in demand for higher priced floral design melamine table ware.*

The turnover for the financial year ended 31 December 1998 was marginally lower as compared to the financial year ended 31 December 1997 despite the downturn in the Malaysian economy mainly due to an increase in export sales to mitigate the impact of a decrease in local sales.

The increase in turnover for the financial year ended 31 December 1999 as compared to the financial year ended 31 December 1998 was mainly due to an increase in customer orders amidst the gradual recovery in the Malaysian and regional economies.

The increase in turnover for the financial year ended 31 December 2000 as compared to the financial year ended 31 December 1999 was mainly due to an increase in local and overseas customers.

The increase in the annualised turnover for the seven (7) months ended 31 July 2001 as compared to the financial year ended 31 December 2000 was mainly due to an increase in local customers and an increase in export sales.

(c) *The lower PBT Margin for the financial year ended 31 December 1997 as compared to the financial year ended 31 December 1996 was mainly due to higher depreciation charge for fixed assets and an increase in the prices of certain raw materials and direct factory overheads although other income which includes gain on foreign exchange and government grant increased substantially.*

The significant decrease in PBT Margin for the financial year ended 31 December 1998 as compared to the financial year ended 31 December 1997 was mainly due to the continued increase in prices of certain raw materials, a reduction in sales composition of higher profit margin floral design melamine table ware and an increase in certain administrative and selling expenses.

The recovery in PBT Margin for the financial year ended 31 December 1999 as compared to the financial year ended 31 December 1998 was mainly due to lower cost of raw materials. However, the effect of lower raw material costs was partially off set by a reduction in sales composition of higher profit margin floral design melamine table ware.

The increase in PBT Margin for the financial year ended 31 December 2000 as compared to the financial year ended 31 December 1999 was mainly due to an increase in sales mix of floral design melamine table ware and a lower increase in administrative costs.

The increase in PBT Margin for the seven (7) months ended 31 July 2001 as compared to the financial year ended 31 December 2000 was mainly due to a decrease in prices of certain raw materials and a lower increase in administrative costs.

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

	< ------------Financial Years Ended 31 December				--------------- >	7 Months Ended 31 July
	1996	**1997**	**1998**	**1999**	**2000**	**2001**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Taxation						
As per audited financial statements	*362*	*536*	*(6)*	*62*	*391*	*317*
Adjustments	*16*	*(177)*	*124*	*-*	*28*	*-*
As adjusted	*378*	*359*	*118*	*62*	*419*	*317*

(e) *The adjusted effective tax rate for the financial years ended 31 December 1996, 1997, 1998,2000 and the seven (7) months ended 31 July 2001 was lower than the statutory tax rate applicable to these financial years mainly due to the availability of reinvestment allowance claimed under Schedule 7A of Income Tax Act, 1967 in respect of qualifying fixed assets acquired during these years/period. The lower adjusted effective tax rate applicable to the financial year ended 31 December 1999 was mainly due to waiver of income tax in accordance with the provisions of the Income Tax (Amendment) Act 1999.*

(f) *The gross earnings per share is computed based on the profit before taxation divided by the number of ordinary shares in issue during the financial years/period.*

The net earnings per share is computed based on the profit after taxation divided by the number of ordinary shares in issue during the financial years/period.

5. AEMkt

	< ------------- Financial Years Ended 31 December				---------------- >	7 Months Ended 31 July
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Turnover	17,511	15,827	13,207	14,359	16,299	10,806
Profit before depreciation, amortisation and interest	517	401	462	625	830	796
Depreciation and amortisation	(116)	(185)	(207)	(146)	(115)	(50)
Interest expense	(59)	(124)	(192)	(88)	(87)	(48)
Profit before taxation	342	92	63	391	628	698
Taxation	(36)	(48)	(48)	(6)	(195)	(201)
Profit after taxation	306	44	15	385	433	497
Weighted average number of ordinary shares in issue ('000)	50	50	50	(1) 274	450	450
Gross earnings per share (RM)	6.84	1.84	1.26	1.43	1.40	(2) 2.66
Net earning per share (RM)	6.12	0.88	0.30	1.41	0.96	(2) 1.89
PBT Margin (%)	2.0	0.6	0.5	2.7	3.9	6.5
Effective tax rate (%)	11	52	76	2	31	29
Gross dividend rate (%)	-	-	-	-	100	-

(1) *Weighted average number of ordinary shares in issue after taking into account the allotment of 400,000 ordinary shares of RM1.00 each at par for cash on 11 June 1999.*

(2) *Annualised earnings are used for the computation.*

Notes: -

(a) *There was no extraordinary item or exceptional item as defined in MASB 3 for all the financial years/period under review.*

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(b) *The decrease in turnover for the financial year ended 31 December 1997 as compared to the financial year ended 31 December 1996 was mainly due to curtailment of sales of plastic wares to East Malaysia with the cessation of operation of branch office in Chemor as these products were not profitable in view of low profit margin and high freight charges involved.*

The continued decrease in turnover for the financial year ended 31 December 1998 as compared to the financial year ended 31 December 1997 was mainly due to the exercise of selective sales approach by selling only to customers with good payment profile to avoid bad debts amidst of economic turndown.

The increase in turnover for the financial year ended 31 December 1999 as compared to the financial year ended 31 December 1998 was mainly due to an increase in demand for its products amidst the gradual recovery in the Malaysian and regional economies.

The increase in turnover for the financial year ended 31 December 2000 as compared to the financial year ended 31 December 1999 was mainly due to sales of high value added stainless steel household wares and an increase in export sales.

The increase in the annualised turnover for the seven (7) months ended 31 July 2001 as compared to the financial year ended 31 December 2000 was mainly due to an increase in sales of high value added stainless steel household wares.

(c) *The decrease in PBT Margin for the financial year ended 31 December 1997 as compared to the financial year ended 31 December 1996 was mainly due to an increase in staff costs and certain selling expenses coupled with the bad debts written off and a provision for doubtful debts as a result of economic crisis which affects the liquidity of certain customers.*

The decrease in PBT Margin for the financial year ended 31 December 1998 as compared to the financial year ended 31 December 1997 was mainly due to lower turnover. However, the effect of the lower turnover was mitigated by cost control measures undertaken to reduce staff costs and selling expenses.

The increase in PBT Margin for the financial year ended 31 December 1999 as compared to the financial year ended 31 December 1998 was mainly due to further cost control measures on staff costs and selling expenses coupled with lower interest expense resulted from lower interest rates.

The increase in PBT Margin for the financial year ended 31 December 2000 as compared to the financial year ended 31 December 1999 was mainly due to higher turnover.

The increase in PBT Margin for the seven (7) months ended 31 July 2001 as compared to the financial year ended 31 December 2000 was mainly due to increase in sales composition of high value added stainless steel household wares and the absence of fixed assets written off and provision for doubtful debts in this period.

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

	< -------------Financial Years Ended 31 December				-------------- >	7 Months Ended 31 July
	1996 RM'000	**1997 RM'000**	**1998 RM'000**	**1999 RM'000**	**2000 RM'000**	**2001 RM'000**
Taxation						
As per audited accounts	*111*	*20*	*(2)*	*6*	*193*	*200*
Adjustments	*(75)*	*28*	*50*	*-*	*2*	*1*
As adjusted	*36*	*48*	*48*	*6*	*195*	*201*

(e) *The lower adjusted effective tax rate applicable to the financial year ended 31 December 1996 was mainly due to the advertisement expenses incurred by AEMkt for the financial year. These advertisement expenses were incurred for launching of new products and have been capitalised in the accounts to be amortised over a period of 3 years. For tax purposes, the whole amount of these expenses is allowable in arriving at the tax for the financial year.*

The effective tax rate for the financial year ended 31 December 1997 and 1998 were significantly higher than the statutory tax rate mainly due to the advertisement expenses which have been amortised to profit and loss account being disallowed for tax purposes. There is no tax charge on income for financial year ended 31 December 1999 due to waiver of income tax in accordance with the provisions of the Income Tax (Amendment) Act 1999.

The effective tax rate for the financial year ended 31 December 2000 and the seven (7) months ended 31 July 2001 were higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes.

(f) *The gross earnings per share is computed based on the profit before taxation divided by the weighted average number of ordinary shares in issue during the financial years/period.*

The net earnings per share is computed based on the profit after taxation divided by the weighted average number of ordinary shares in issue during the financial years/period.

H. SUMMARISED BALANCE SHEET

We set out below the summarised balance sheets of CAM and its subsidiary companies prepared based on their respective audited financial statements as at the end of the past six (6) financial years ended 31 December 2000 and as at 31 July 2001.

1. CAM

	[1] As At 31 July 2001 RM'000
Current Assets	297
Less: Current Liability	(1)
	296
Capital and Reserve	
Share capital	300
Loss for the period	(4)
Shareholders' Equity	296

[1] *First financial statements.*

2. **CAluminium**

	< As At 31 December					>	As At 31 July
	1995 RM'000	**1996 RM'000**	**1997 RM'000**	**1998 RM'000**	**1999 RM'000**	**2000 RM'000**	**2001 RM'000**
Non-Current Assets							
Fixed assets	5,923	7,578	11,699	14,017	12,724	22,848	22,253
Interest in subsidiaries	371	1,285	300	300	2,831	2,831	2,831
Interest in associated company	80	-	-	-	-	-	-
Capital work-in-progress	-	-	1,105	-	501	678	1,155
Other investments	222	82	82	82	82	82	82
Intangible assets	105	90	75	60	45	30	21
	6,701	9,035	13,261	14,459	16,183	26,469	26,342
Current Assets	9,462	14,416	16,043	15,489	18,475	24,167	25,876
Less: Current Liabilities	7,164	10,198	10,815	11,086	12,715	16,356	15,223
Net Current Assets	2,298	4,218	5,228	4,403	5,760	7,811	10,653
	8,999	13,253	18,489	18,862	21,943	34,280	36,995
Capital and Reserves							
Share capital	2,500	2,500	2,500	2,500	2,500	3,022	3,022
Share premium	-	-	-	-	-	9,430	9,430
Capital reserve	76	76	76	76	76	76	76
Retained profits	5,458	9,565	13,367	13,144	14,795	16,910	19,607
Shareholders' Equity	8,034	12,141	15,943	15,720	17,371	29,438	32,135
Non-Current Liabilities	965	1,112	2,546	3,142	4,572	4,842	4,860
	8,999	13,253	18,489	18,862	21,943	34,280	36,995

Notes: -

(1) The audited taxation and retained profits figures for all financial years/period under review have been adjusted to account for under/over provision of taxation to the year/period in which it relates in order to be more reflective of the tax position for the respective financial year/period.

(2) Where the figures for an item in the audited balance sheet had been reclassified when presented as comparative for the following year's or period's audited balance sheet, the reclassified figures are used for the preparation of the above balance sheet.

3. **CMelamine**

	1995	1996	1997	1998	1999	2000	As At 31 July 2001
	< ----- As At 31 December ----- >						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-Current Assets							
Fixed assets	1,466	2,532	2,800	2,340	2,872	4,122	3,864
Capital work-in-progress	-	-	-	18	22	-	-
Other investment	-	17	17	17	17	17	17
Amount owing to holding company	(77)	(351)	-	-	-	-	-
	1,389	2,198	2,817	2,375	2,911	4,139	3,881
Current Assets	2,737	4,398	6,710	5,276	5,866	6,708	6,946
Less: Current Liabilities	1,871	3,766	5,384	3,082	3,212	4,264	3,468
Net Current Assets	866	632	1,326	2,194	2,654	2,444	3,478
	2,255	2,830	4,143	4,569	5,565	6,583	7,359
Capital and Reserve							
Share capital	490	490	490	490	490	490	490
Retained profits	1,336	1,882	3,392	3,892	4,404	5,275	6,168
Shareholders' Equity	1,826	2,372	3,882	4,382	4,894	5,765	6,658
Non-Current Liabilities	429	458	261	187	671	818	701
	2,255	2,830	4,143	4,569	5,565	6,583	7,359

Notes: -

(1) *The audited taxation and retained profits figures for all financial years/period under review have been adjusted to account for under/over provision of taxation to the year/period in which it relates in order to be more reflective of the tax position for the respective financial year/period.*

(2) *Where the figures for an item in the audited balance sheet had been reclassified when presented as comparative for the following year's or period's audited balance sheet, the reclassified figures are used for the preparation of the above balance sheet.*

4. AEMkt

	<-----	-----	As At 31 December	-----	-----	----->	As At 31 July
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Non-Current Assets							
Fixed assets	156	452	574	484	423	381	405
Amount owing by/(to) holding company	6	(635)	-	-	-	-	-
Intangible assets	5	252	148	44	-	-	-
	167	69	722	528	423	381	405
Current Assets	1,776	7,975	6,109	4,724	7,264	8,003	8,428
Less: Current Liabilities	1,828	7,022	5,714	4,264	6,450	7,024	6,971
Net Current (Liabilities)/Assets	(52)	953	395	460	814	979	1,457
	115	1,022	1,117	988	1,237	1,360	1,862
Capital and Reserve							
Share capital	50	50	50	50	450	450	450
Retained profits	-	306	350	365	750	859	1,356
Shareholders' Equity	50	356	400	415	1,200	1,309	1,806
Non-Current Liabilities	65	666	717	573	37	51	56
	115	1,022	1,117	988	1,237	1,360	1,862

Notes: -

(1) *The audited taxation and retained profits figures for all financial years/period under review have been adjusted to account for under/over provision of taxation to the year/period in which it relates in order to be more reflective of the tax position for the respective financial year/period.*

(2) *Where the figures for an item in the audited balance sheet had been reclassified when presented as comparative for the following year's or period's audited balance sheet, the reclassified figures are used for the preparation of the above balance sheet.*

I. DETAILED STATEMENTS OF ASSETS AND LIABILITIES AS AT 31 JULY 2001

The following are the detailed statements of assets and liabilities of the Company and the Proforma Group which have been prepared for illustrative purposes only based on the audited financial statements of CAM, CAluminium, CMelamine and AEMkt as at 31 July 2001. The statement of assets and liabilities of the Proforma Group has been prepared based on assumption that the restructuring scheme as mentioned in paragraph B has been effected on 31 July 2001 and should be read in conjunction with the notes thereon.

	Note	Company RM'000	Proforma Group RM'000
NON-CURRENT ASSETS			
Fixed assets	3	-	33,780
Capital work-in-progress	4	-	1,155
Other investments	5	-	99
		-	35,034
CURRENT ASSETS			
Stocks	6	-	17,200
Trade debtors	7	-	12,574
Other debtors, deposits and prepayments	8	142	2,263
Fixed deposits with licensed banks	9	-	1,293
Cash and bank balances		155	15,194
		297	48,524
LESS: CURRENT LIABILITIES			
Trade creditors		-	1,813
Other creditors		1	1,378
Amount owing to directors	10	-	4,728
Lease obligation	11	-	39
Bank borrowings	12	-	12,978
Taxation		-	113
		1	21,049
NET CURRENT ASSETS		296	27,475
		296	62,509
CAPITAL AND RESERVE			
Share capital	13	300	41,000
Share premium - non-distributable	14	-	13,377
Reserve on consolidation - non-distributable	15	-	2,649
Accumulated losses		(4)	(4)
SHAREHOLDERS' EQUITY		296	57,022
NON-CURRENT LIABILITIES			
Term loans - secured	16	-	2,987
Deferred taxation	17	-	2,500
		-	5,487
		296	62,509

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NOTES TO THE STATEMENTS OF ASSETS AND LIABILITIES AS AT 31 JULY 2001

1. BASIS OF ACCOUNTING

The statements of assets and liabilities have been prepared under the historical cost convention.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The Proforma Group statement of assets and liabilities is prepared on the assumption that the interim dividend mentioned in note 19 (a) below and the Acquisitions, the Special Issue and the Public Issue referred to in paragraph B had been completed on 31 July 2001.

The Proforma Group statement of assets and liabilities incorporated the audited financial statements of the Company and all its subsidiary companies made up to 31 July 2001 after eliminating all inter-company balances and transactions.

The results of subsidiary companies acquired or disposed of are included in the consolidated income statement based on the acquisition method of consolidation from the date of their acquisitions or up to the date of their disposal respectively.

Goodwill or reserve on consolidation represents the difference between the consideration paid for the shares in the subsidiary companies and the fair values of attributable to the net assets acquired as applicable.

(b) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation except for freehold land which is not depreciated.

All other fixed assets are depreciated on the straight line method to write off the cost of the fixed assets over their estimated useful lives.

The principal annual rates used for this purpose are: -

Buildings	2% - 20%
Furniture, fittings, office equipment and signboard	5% - 10%
Factory equipment and electrical installation	5% - 10%
Motor vehicles	20%
Moulds	20%
Plant and machinery	10%
Renovation	5%

Fully depreciated fixed assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respected of these assets.

(c) **Subsidiary Company**

A subsidiary company is defined as a company, in which the Company has a long term interest, directly or indirectly, of more than 50% of the equity share capital and has control over its financial and operating policies.

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost in the Company's financial statements. Provision for diminution in value is made when there is a permanent diminution in the value of these investments determined on the individual basis.

(d) **Capital Work-In-Progress**

Capital work-in-progress consists of expenditure incurred on construction of fixed assets which take a substantial period of time to be ready for their intended uses.

This expenditure is stated at cost and no depreciation is provided. Upon completion of construction, the cost will be transferred to fixed assets.

(e) **Other Investments**

Other investments are stated at cost and held for long term purposes. Provision for diminution in value is made when there is a permanent diminution in the value of the investments determined on the individual basis.

(f) **Stocks**

Stocks are stated at the lower of cost and net realisable value and are determined on the weighted average basis. Cost includes the actual cost of material and incidentals in bringing the stocks into store and for manufactured stocks, it also includes a portion of labour and relevant production overheads.

In arriving at the net realisable value, due allowance has been made for all obsolete and slow-moving items.

(g) **Debtors**

Known bad debts are written off and specific provision is made for those debts considered to be doubtful of collection.

(h) **Hire Purchase**

Costs of fixed assets acquired under the hire purchase instalment plans are capitalised as fixed assets and depreciated in accordance with the Company's policy on depreciation of fixed assets. The hire purchase obligations are included in creditors and the related financing charges are allocated to the income statement on a systematic basis over the period of the hire purchase agreements.

(i) **Leases**

Fixed assets on leases that give rights approximating to ownership are accounted for under the finance lease method in which the fair value of the leases are capitalised as fixed assets and depreciated in accordance with the Company's policy on depreciation of fixed assets. The capital element of the leases is included in creditors and the related finance charges are allocated to the income statement on a systematic basis over the period of the lease.

All other leases are accounted for under the operating lease method in which the lease payments are recognised as expenses in the income statement in the year in which they are incurred.

(j) **Deferred Taxation**

Deferred taxation has been accounted by using the liability method. Provision is made in the accounts for taxation which is deferred due to timing differences except to the extent of which it can be demonstrated with reasonable probability that the timing differences will continue in the foreseeable future. Deferred tax benefits are only recognised where they are expected to realise in the near future.

(k) **Foreign Currencies**

Transactions in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at the time of the transaction and where settlement had not taken place by year end, at the approximate rate ruling as at that date. All gains and losses on exchange are included in the income statement.

The principal exchange rates (denominated in units of Ringgit Malaysia per foreign currency) used in translating foreign currency amounts as at 31 July 2001 are as follows: -

Singapore Dollar	2.100
Brunei Dollar	2.100
United State Dollar	3.795
Sri Lanka Rupee	0.041

(l) **Revenue Recognition**

Sales are recognised when goods are delivered.

Interest income is recognised on receivable basis.

Dividend income from investment in subsidiary companies and other investments is recognised when the right to receive the dividend is established.

(m) **Cash and Cash Equivalents**

Cash and cash equivalent comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

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3. FIXED ASSETS

Proforma Group	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Freehold land	4,635	-	4,635
Buildings	11,011	555	10,456
Plant and machinery, moulds, factory Equipment and electrical installation	27,661	9,865	17,796
Furniture, fittings, office equipment, signboard and renovation	1,139	486	653
Motor vehicles	1,770	1,530	240
	46,216	12,436	33,780

Included in the fixed assets of the Proforma Group are properties pledged to financial institutions for banking facilities obtained as follows: -

NET BOOK VALUE	Proforma Group RM'000
Freehold land	3,669
Buildings	10,166
Factory equipment	98
Moulds	12
Plant and machinery	2,802
	16,747

Included in the fixed assets of the Proforma Group are assets acquired under the hire purchase instalment plans as follows: -

MOTOR VEHICLES	Proforma Group RM'000
Cost	112
Net book value	82

4. CAPITAL WORK-IN-PROGRESS

This is in respect of costs incurred on construction of machinery and moulds, factory buildings and a warehouse building by the subsidiary companies.

5. OTHER INVESTMENTS

	Proforma Group RM'000
At cost: -	
Securities quoted in Malaysia	
- shares	79
- unconvertible loan stocks	3
Transferable club membership	17
	99
Market value at 31 July 2001	
Quoted shares/loan stocks	20

As at 31 July 2001, the aggregate cost of the quoted investments have exceeded the aggregate market value as at that date by RM61,888.

No provision for diminution in value has been made in the financial statements as these quoted investments are intended to be held for long term and the directors are of the opinion that there is no permanent impairment in the value of these investments.

6. STOCKS

	Proforma Group RM'000
Raw materials	8,422
Work-in-progress	2,324
Finished goods	6,454
	17,200

7. TRADE DEBTORS

	Proforma Group RM'000
Balance outstanding	13,001
Less: Provision for doubtful debts	(427)
	12,574

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8. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

Included in other debtors of the Proforma Group is an amount of RM1,332,203 in respect of tax recoverable from Inland Revenue Board.

9. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Proforma Group are pledged as security for banking facilities granted to the subsidiary companies.

10. AMOUNT OWING TO DIRECTORS

These balances are non-trade in nature, unsecured, interest free and have fixed term of repayment.

11. LEASE OBLIGATION

	Proforma Group RM'000
Gross instalments payable within 1 year	40
Less: Unexpired interest	(1)
	39

12. BANK BORROWINGS

	Proforma Group RM'000
SECURED	
Bank overdrafts	1,806
Bankers' acceptances	6,948
Term loans (note 16)	817
	9,571
UNSECURED	
Bank overdraft	329
Bankers' acceptances	3,078
	3,407
	12,978

The above bank overdrafts and bankers' acceptances of the Proforma Group bear interest at rates ranging from 2.95% to 8.70% per annum. The interest rates and terms of repayment applicable to the term loans are referred to in note 16.

The secured facilities of the Proforma Group are secured on the following: -

(a) fixed charges on certain landed properties of a subsidiary company;

(b) facility agreement and first legal charge over a subsidiary company's freehold land;

(c) specific debentures created on plant, machinery, moulds and factory equipment of the subsidiary companies;

(d) debentures comprising fixed and floating charges over all assets of the subsidiary companies;

(e) lien on fixed deposits of subsidiary companies amounting to RM1,200,000 with interest to be capitalised and a yearly built up of RM50,000 by a subsidiary company;

(f) corporate guarantee by a subsidiary company; and

(g) joint and several guarantees by all directors of a subsidiary company.

The unsecured facilities are supported by the following: -

(a) corporate guarantee by a subsidiary company;

(b) joint and several guarantees by all directors of a subsidiary company; and

(c) negative pledge by the subsidiary companies.

13. SHARE CAPITAL

	Company RM'000	Proforma Group RM'000
Ordinary shares of RM1.00 each: -		
Authorised	500	100,000
Issued and fully paid	300	41,000

14. SHARE PREMIUM - NON-DISTRIBUTABLE

	Proforma Group RM'000
In respect of allotment of new ordinary shares pursuant to the: -	
Acquisitions	10,670
Special Issue	1,970
Public Issue	2,337
	14,977
Less: Estimated Listing Expenses Written Off	(1,600)
	13,377

15. RESERVE ON CONSOLIDATION - NON-DISTRIBUTABLE

Reserve arising from acquisition of the following subsidiary companies: -

	Proforma Group RM'000
100% equity interest of CAluminium	2,610
7.35% equity interest of CMelamine	39
	2,649

16. TERM LOANS - SECURED

	Proforma Group RM'000
Repayable within one (1) year (note 12)	817
Repayable after one (1) year	2,987
	3,804

The term loans granted by licensed banks are repayable in equal instalments over periods ranging from 84 to 120 months, bear interest at rates ranging from 8.00% to 8.70% per annum and are secured in the same manner as for the secured facilities referred to in note 12 above.

17. DEFERRED TAXATION

This balance is in respect of tax effects on timing differences arising from the following: -

	Proforma Group RM'000
Capital allowances claimed on fixed assets in excess of their depreciation charge	2,619
Lease rentals paid for fixed assets previously under finance lease in excess of their depreciation charge	24
Unrealised foreign exchange gain	(13)
Unrealised profit on stocks	(130)
	2,500

18. CAPITAL COMMITMENT

	Proforma Group RM'000
In respect of capital expenditure approved but not contracted for	8,200

19. SUBSEQUENT EVENTS

(a) On 28 November 2002,CAluminium declared an interim dividend of 109% less tax at 28% based on its entitled issued and paid-up share capital comprising 2,500,000 ordinary shares of RM1.00 each and CMelamine declared an interim dividend of 100% less tax at 28% based on its entire issued and paid-up share capital with net dividend amounting to RM1,962,000 and RM352,803 respectively, to their shareholders. The total issued and paid-up share capital of CAluminium at the date of declaration of dividend comprises 3,022,475 ordinary shares of RM1.00 each. However, 522,475 ordinary shares of RM1.00 each which were issued on 1 December 2000 as consideration for acquisition of machinery and equipment pursuant to two (2) sale and purchase agreements dated 27 October 2000 and 21 November 2000, were not entitled to this dividend. The interim dividends were paid on 9 January 2002.

(b) On 7 January 2002 and pursuant to the restructuring scheme referred to in paragraph B (i) (a) and (b), the Company acquired the equity interest of the following subsidiary companies: -

i. 100% equity interest in CAluminium comprising 3,022,475 ordinary shares of RM1.00 each for a consideration of RM39,611,117 satisfied by the issuance of 29,097,000 new ordinary shares of RM1.00 each in the Company at an issue price of approximately RM1.36 per new ordinary share; and

ii. 7.35% equity interest in CMelamine comprising the remaining 36,002 ordinary shares of RM1.00 each for a consideration of RM423,683 satisfied by the issuance of 268,000 new shares of RM1.00 each in the Company at an issue price of approximately RM1.58 per new ordinary share.

(c) On 14 January 2002 and pursuant to the restructuring scheme referred to in paragraph B (i) (c), the Company acquired from CAluminium the entire investment in the subsidiary companies of CAluminium, namely 100% equity interest in Advance Eagle Marketing Sdn. Bhd. ("AEMkt") and 92.65% equity interest in CMelamine, for cash considerations equivalent to CAluminium's share of net tangible assets of these subsidiary companies as at 31 December 2000 of RM1,307,950 and RM5,340,710 respectively.

J. PROFORMA CONSOLIDATED CASH FLOW STATEMENT

The following is the proforma consolidated cash flow statement of CAM Group for the seven (7) months ended 31 July 2001 prepared based on the audited financial statements of CAM for the period from 20 December 2001 (date of incorporation) to 31 July 2001 and the audited financial statements of CAM's subsidiary companies for the seven (7) months ended 31 July 2001 and on the assumption that the restructuring scheme referred to in paragraph B and the interim dividends referred to in paragraph I note 19 (a) had been effected on 1 January 2001.

	Proforma Group RM'000
CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit Before Taxation	5,107
Adjustments for: -	
Amortisation of intangible assets	9
Bad debts written off	15
Depreciation of fixed assets	1,885
Interest expenses	629
Interest revenue	(31)
Provision for doubtful debts	40
Unrealised loss on foreign exchange	44
Operating Profit Before Working Capital Changes	7,698
Increase in stocks	(3,497)
Decrease in trade and other debtors	513
Decrease in trade and other creditors	(274)
Cash Generated From Operations	4,440
Interest paid	(629)
Tax paid	(617)
Net Cash Generated From Operating Activities	3,194
CASH FLOW FROM INVESTING ACTIVITIES	
Acquisition of subsidiary companies, net of cash acquired	(2,088)
Interest received	31
Proceeds from disposal of fixed assets	84
Capital work-in-progress incurred	(1,021)
Purchase of fixed assets	(512)
Net Cash Used In Investing Activities	(3,506)
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from Special Issue	7,155
Proceeds from Public Issue	8,487
Listing expenses	(1,600)
Proceeds from issuance of subscribers' shares	300
Proceeds from bankers' acceptances	18,649
Repayment of bankers' acceptances	(19,836)
Payment to lease creditor	(32)
Repayment of term loans	(447)
Net Cash Generated From Financing Activities	12,676
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,364
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	12,364

MOORE STEPHENS
CHARTERED ACCOUNTANTS

K. NET TANGIBLE ASSETS COVER

Based on the statements of assets and liabilities of the Company and Proforma Group as at 31 July 2001, the net tangible assets per ordinary share are as follows: -

	Company	Proforma Group
Net tangible assets based on statements of assets and liabilities as at 31 July 2001 (RM'000)	296	57,022
Number of ordinary shares in issue ('000)	300	41,000
Net tangible assets per ordinary share (RM)	0.99	1.39

L. AUDITED FINANCIAL STATEMENTS

No audited financial statements of the Company and its subsidiary companies have been made up in respect of the period subsequent to 31 July 2001.

Yours faithfully,

MOORE STEPHENS
Chartered Accountants
(AF. 0282)

CHONG KWONG CHIN
707/4/02 (J/PH)
PARTNER