

8. ACCOUNTANTS' REPORT

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Your ref

Our ref 831/CST/HCY

22 APR 2002

Dear Sirs

Accountants' Report

This report has been prepared by an approved company auditor, KPMG, for inclusion in the prospectus of OKA Corporation Bhd in connection with the proposed listing of OKA Corporation Bhd on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE").

1. General information

OKA Corporation Bhd (OKAC) was incorporated in Malaysia on 12 July 2000 as a private company with an authorised share capital of RM500,000 divided into 500,000 ordinary shares of RM1.00 each. Its issued and paid up share capital on incorporation was RM100,000 shares of RM1 each. OKAC was incorporated for the purpose of acquiring OKA Concrete Industries Sdn Bhd (OCI) and its subsidiaries namely OKA Readymixed Concrete Sdn Bhd (ORC), OKA Engineering And Trading Sdn Bhd (OET) and Real Charisma Sdn Bhd (RC). Its principal activity is investment holding.

Details of changes in OKAC authorised share capital since the date of incorporation are as follows:

Date of increase	No. of ordinary shares of RM1 each	Cumulative total authorised capital
12.7.2000	500,000	500,000
31.1.2002	99,500,000	100,000,000



8. ACCOUNTANTS' REPORT (Cont'd)



Details of changes in OKAC issued and paid up share capital since its incorporation are as follows:-

Date of allotment	No. of shares allotted of RM1.00 each	Consideration	Cumulative total issued capital RM
12.7.2000	3	Subscribers' share	3
19.10.2000	99,997	Cash	100,000
31.1.2002	* 21,838,748	Other than cash	21,938,748
18.3.2002	11,258,252	Rights issue	33,197,000

* These shares were allotted on 31 January 2002. However, the transfer of shares were only completed on 20 February 2002 when the share certificates were issued and stamped.

The Proforma OKAC Group financial information is similar to those shown in Section 2 and 8 as OKAC is currently dormant.

1.1 Incorporation and Share Capital of OCI

OCI was incorporated in Malaysia on 19 February 1981 as a private company with an authorised share capital of RM500,000 divided into 500,000 ordinary shares of RM1 each. Its issued and paid up share capital on incorporation was RM2 comprising 2 shares of RM1 each. Its principal activities consist of manufacture and sale of pre-cast concrete products.

At present, the authorised share capital comprises 5,000,000 ordinary shares of RM1 each. The issued and paid up share capital comprises 1,051,717 ordinary shares of RM1 each.

Details of changes in OCI authorised share capital since the date of incorporation are as follows:

Date of increase	No. of ordinary shares of RM1 each	Cumulative total authorised capital
19.2.1981	500,000	500,000
14.3.1997	4,500,000	5,000,000

Details of changes in OCI issued and paid up share capital since its incorporation are as follows:-

Date of allotment	No. of shares allotted of RM1.00 each	Consideration	Cumulative total issued capital RM
19.2.1981	2	Subscribers' share	2
7.9.1981	199,998	Cash	200,000
16.9.1991	300,000	Cash	500,000
18.7.1997	551,717	Other than cash	1,051,717

8. ACCOUNTANTS' REPORT (Cont'd)


1.2 Subsidiary Companies of OCI

Details of the subsidiaries of OCI as at the date of this report are as follows:-

Name	Date and Country of Incorporation	Equity interest %	Issued and Paid up share capital	Authorised Share capital	Principal activity
ORC	9.1.1995 Malaysia	100	RM2*	RM100,000*	Trading of readymix concrete.
OET	7.1.1995 Malaysia	100	RM2*	RM100,000*	Trading and manufacture of prestressed and reinforced concrete piles and manufacture of readymix concrete.
RC	13.8.1997 Malaysia	100	RM100,000	RM100,000*	Providing transportation services and other related services.

* There are no changes since the date of incorporation.

Details of changes in RC issued and paid up share capital since its incorporation are as follows:-

Date of allotment	No. of shares allotted of RM1 each	Consideration	Cumulative total issued capital RM
13.8.1997	2	Subscribers' share	2
1.9.1997	99,998	Cash	100,000

1.3 Financial Statements And Auditors

The financial statements of OKAC, OCI and its subsidiaries, ORC and OET relevant to this report are and have been audited by KPMG up to 31 October 2001. The financial statements of RC were audited by another firm of auditors up to 31 October 2001. The financial statements of OKAC and OCI group of companies relevant to this report for all years/period under review have been reported on without any qualification.

8. ACCOUNTANTS' REPORT (Cont'd)



2 Group Financial Performance

2.1 Summarised Consolidated Results

The summarised consolidated results of OKA Concrete Industries Sdn Bhd (OCI) and its subsidiaries for each of the last five financial years ended 31 March and seven months period ended 31 October 2001 are set out below:-

	<----- Year ended 31 March ----->					Period ended
	1997	1998	1999	2000	2001	31.10.2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	26,389	34,908	22,706	28,647	32,059	23,026
Cost of sales	19,996	26,358	15,562	19,840	22,195	16,438
Gross profit	6,393	8,550	7,144	8,807	9,864	6,588
Other income	71	60	236	199	275	319
Interest expenses	(88)	(133)	(138)	(84)	(32)	(6)
Net expenses	(931)	(2,134)	(2,133)	(1,995)	(2,335)	(1,416)
Profit before tax	5,445	6,343	5,109	6,927	7,772	5,485
Taxation	(1,666)	(1,840)	41	(1,634)	(1,978)	(1,488)
Profit after tax	3,779	4,503	5,150	5,293	5,794	3,997
Unappropriated profit brought forward	3,323	6,602	10,053	14,151	19,444	19,448
Appropriation : Dividend	(500)	(1,052)	(1,052)	-	(5,790)	(3,300)
Unappropriated profit carried forward	6,602	10,053	14,151	19,444	19,448	20,145
Number of ordinary shares in issue ('000)	500	1,052	1,052	1,052	1,052	1,052
Weighted average number of shares ('000)	500	891	1,052	1,052	1,052	1,052
Gross earnings per share (RM)	10.89	7.12	4.86	6.58	7.39	+ 8.94
Net earnings per share (RM)	7.56	5.05	4.89	5.03	5.51	+ 6.52

+ Annualised

8. ACCOUNTANTS' REPORT (Cont'd)



Notes:

- (i) *Turnover consists of net invoiced values of prestressed and reinforced concrete piles, readymixed concrete and pre-cast concrete products including transportation charges.*
- (ii) *There were no extraordinary items in the financial years/period under review.*
- (iii) *For the financial year ended 31 March 1997, the Group paid an interim tax exempt dividend of 100% on 1 April 1997.*
- (iv) *For the financial year ended 31 March 1998, the Group paid a final tax exempt dividend of 100% on 2 January 1999.*
- (v) *For the financial year ended 31 March 1999, the Group paid a final tax exempt dividend of 100% on 3 January 2000.*
- (vi) *No dividend was proposed for the year ended 31 March 2000 .*
- (vii) *For the financial year ended 31 March 2001, the Group proposed a final tax exempt dividend of RM5,790,000 which was paid on 23 October 2001.*
- (viii) *During the financial period ended 31 October 2001, the Group proposed an interim tax exempt dividend of RM3,300,000.*
- (ix) *The gross earnings per share has been calculated based on the profit before taxation divided by the weighted average number of shares in issue of the respective years/period.*
- (x) *The net earnings per share has been calculated based on the profit after taxation divided by the weighted average number of shares in issue of the respective years/period.*

8. ACCOUNTANTS' REPORT (Cont'd)

**2.1.1 Turnover**

The breakdown of turnover by products for OCI and its subsidiaries for the last five financial years ended 31 March and the seven month period ended 31 October 2001 based on information provided by the Management are as follows :-

	<----- Year ended 31 March ----->					Period ended 31.10.2001 RM'000
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	
U Drains	-	4,345	1,686	1,816	3,131	2,464
Box culverts	6,535	6,525	3,920	4,853	2,810	2,420
Porous pipes	775	565	496	565	318	265
Spun pipes	12,683	15,828	10,307	10,121	9,429	8,171
L-shape retaining wall	-	408	98	380	558	176
Manholes	-	602	2,082	3,661	5,594	3,438
Square piles	4,116	5,299	2,637	4,749	6,207	2,787
Readymix concrete	2,145	961	1,269	2,112	2,914	2,329
Large diameter pipes	-	-	-	-	954	876
Others	135	375	211	390	143	100
	26,389	34,908	22,706	28,647	32,058	23,026

8. ACCOUNTANTS' REPORT (Cont'd)



2.2 Summarised Consolidated Balance Sheets

Based on the audited financial statements of OCI and its subsidiaries, the consolidated balance sheet at each of the last five financial years ended 31 March and as at 31 October 2001 are as follows:-

	←-----As At 31 March-----→					As at
	1997	1998	1999	2000	2001	31.10.2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PROPERTY, PLANT AND EQUIPMENT	5,728	6,849	5,543	6,277	6,133	14,356
INVESTMENT IN SUBSIDIARY	-	-	-	-	-	-
CURRENT ASSETS						
Inventories	2,589	3,399	3,593	3,946	6,785	9,093
Trade receivables	7,058	8,858	6,957	8,694	10,741	13,262
Other receivables, deposits and prepayments	19	44	580	293	283	312
Amount due from directors	-	516	-	473	-	-
Short term deposits with licensed banks	-	2,500	5,300	7,255	7,596	3,043
Cash and bank balances	509	99	152	187	362	187
	<u>10,175</u>	<u>15,416</u>	<u>16,582</u>	<u>20,848</u>	<u>25,767</u>	<u>25,897</u>
Less:						
CURRENT LIABILITIES						
Trade payables	4,328	4,121	2,912	4,478	3,904	5,993
Other payables and accruals	204	940	666	454	229	72
Amount due to directors	382	4	264	2	-	-
Hire purchase creditors	663	746	412	136	72	72
Bank overdrafts (secured)	-	1,193	-	173	-	541
Provision for taxation	1,952	2,475	1,351	1,262	1,115	1,211
Proposed dividend	500	1,052	1,052	-	5,790	3,300
	<u>8,029</u>	<u>10,531</u>	<u>6,657</u>	<u>6,505</u>	<u>11,110</u>	<u>11,189</u>
Net Current Assets	2,146	4,885	9,925	14,343	14,657	14,708
DEFERRED TAXATION	(159)	(152)	(63)	(49)	(108)	(125)
HIRE PURCHASE CREDITORS	(613)	(477)	(127)	-	(108)	(66)
	<u>7,102</u>	<u>11,105</u>	<u>15,278</u>	<u>20,571</u>	<u>20,574</u>	<u>28,873</u>

8. ACCOUNTANTS' REPORT (Cont'd)

	<-----As At 31 March----->					As at
	1997	1998	1999	2000	2001	31.10.2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financed by:						
SHARE CAPITAL	500	1,052	1,052	1,052	1,052	1,052
UNAPPROPRIATED PROFIT	6,602	10,053	14,151	19,444	19,447	20,145
RESERVE ON						
CONSOLIDATION	-	-	75	75	75	75
REVALUATION SURPLUS	-	-	-	-	-	7,601
	<u>7,102</u>	<u>11,105</u>	<u>15,278</u>	<u>20,571</u>	<u>20,574</u>	<u>28,873</u>
NTA per share (RM)	<u>14.20</u>	<u>10.56</u>	<u>14.52</u>	<u>19.55</u>	<u>19.56</u>	<u>27.45</u>

Notes:

Net tangible assets ("NTA") per share is calculated based on NTA over the number of shares in issue at the year/period end.

8. ACCOUNTANTS' REPORT (Cont'd)



3 Financial Performance Of OKA Corporation Bhd

3.1 Summarised Results

The summarised results of OKA Corporation Bhd (OKAC) based on the audited financial statements of the Company for the period from 12 July 2000 (date of incorporation) to 31 March 2001 and seven months period ended 31 October 2001.

	Period ended 31.3.2001 RM'000	Period ended 31.10.2001 RM'000
Administrative expenses	276	1
NET LOSS FOR THE PERIOD	<u>(276)</u>	<u>(1)</u>

3.2 Summarised Balance Sheets

Below are based on the audited financial statements of OKAC as at 31 March 2001 and as at 31 October 2001:-

	31.3.2001 RM'000	31.10.2001 RM'000
EXPENDITURE CARRIED FORWARD	-	143
CURRENT ASSETS		
Cash and bank balances	96	56
Less:		
CURRENT LIABILITIES		
Other payables and accruals	272	376
Net Current Liabilities	<u>(176)</u>	<u>(320)</u>
	<u>(176)</u>	<u>(177)</u>
Financed by:		
SHARE CAPITAL	100	100
ACCUMULATED LOSS	<u>(276)</u>	<u>(277)</u>
	<u>(176)</u>	<u>(177)</u>
Net liabilities per share (RM)	<u>1.76</u>	<u>1.77</u>

Note:

Included in other creditors and accruals are amounts payable in respect of expenses incurred mainly on the proposed listing exercise.

8. ACCOUNTANTS' REPORT (Cont'd)**4 Financial Performance Of OKA Concrete Industries Sdn Bhd****4.1 Summarised Results of OCI**

The summarised results of OKA Concrete Industries Sdn Bhd (OCI) based on the audited financial statements of the Company for the last five financial years ended 31 March and seven months period ended 31 October 2001 are set out below:-

	<----- Years ended 31 March ----->					Period ended
	1997	1998	1999	2000	2001	31.10.2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	25,808	34,270	22,352	27,924	25,656	17,465
Cost of sales	19,997	26,358	15,562	19,854	16,509	11,458
Gross profit	5,811	7,912	6,790	8,070	9,147	6,007
Other income	64	57	231	193	265	294
Interest expenses	(84)	(129)	(134)	(84)	(32)	(6)
Net expenses	(657)	(1,661)	(1,421)	(1,166)	(1,521)	(955)
Profit before tax	5,134	6,179	5,466	7,013	7,859	5,340
Taxation	(1,576)	(1,759)	45	(1,612)	(1,984)	(1,463)
Profit after tax	3,558	4,420	5,511	5,401	5,875	3,877
Unappropriated profit brought forward	3,323	6,381	9,749	14,209	19,610	19,695
Appropriation : Dividend	(500)	(1,052)	(1,052)	-	(5,790)	(3,300)
Unappropriated profit carried forward	6,381	9,749	14,208	19,610	19,695	20,272
Weighted average number of shares ('000)	500	891	1,052	1,052	1,052	1,052
Gross earnings per share (RM)	10.27	6.93	5.20	6.67	7.47	+ 8.70
Net earnings per share (RM)	7.12	4.96	5.24	5.13	5.58	+ 6.32

+ Annualised

Notes:

- (i) Turnover consists of the net invoiced values of pre-cast concrete products and transportation charges.

8. ACCOUNTANTS' REPORT (Cont'd)



- (ii) *For the financial year ended 31 March 1997, the Company paid an interim tax exempt dividend of 100% on 1 April 1997.*
- (iii) *For the financial year ended 31 March 1998, the Company paid a final tax exempt dividend of 100% on 2 January 1999.*
- (iv) *For the financial year ended 31 March 1999, the Company paid a final tax exempt dividend of 100% on 3 January 2000.*
- (v) *No dividend was proposed for the year ended 31 March 2000.*
- (vi) *For the financial year ended 31 March 2001, the Company proposed a final tax exempt dividend of RM5,790,000 which was paid on 23 October 2001.*
- (vii) *During the financial period ended 31 October 2001, the Company proposed an interim tax exempt dividend of RM3,300,000.*
- (viii) *There were no extraordinary items in the financial years/period under review.*
- (xi) *The gross earnings per share has been calculated based on the profit before taxation divided by the weighted number of shares in issue of the respective years/period.*
- (xii) *The net earnings per share has been calculated based on the profit after taxation divided by the weighted average number of shares in issue capital of the respective years/period.*

4.1.1 Turnover

The turnover comprises sales of concrete products, piles and readymix with most contribution from concrete products.

The turnover in financial year 1998 was significantly higher compared to all the years under review due to the favourable economic growth in construction industry in early 1997 coupled with the Company's plant expansion in the financial years 1997 and 1998. In addition, the Company's two subsidiaries, namely OET and ORC which started operations in the financial year 1997 has helped to secure a wider market share for readymix concrete, prestressed and reinforced concrete piles.

In financial year 1999, sales were affected by the economic downturn in the country in the calendar year 1998. Both the private and government projects were adversely affected by the slowdown. The contraction had resulted from the controlled government spending on construction and infrastructure projects. Projects in certain districts of the Putrajaya projects were delayed, thus, reducing the demand for concrete products.

8. ACCOUNTANTS' REPORT (Cont'd)



From 2000 onwards, the turnover showed good recovery by an increase of 25% in financial year ended 31 March 2000. The improvement was a result of the government's stimulus fiscal policy to boost the economy. The government has increased infrastructure works on various public districts such as drainage/sewerage projects, building up more schools and promoting low to medium cost housing schemes.

Turnover in financial year 2001 decreased by 8% compared to year 2000 due to the decrease in sales of square piles, readymixed concrete and box culverts as OET had commenced production in these products from 1 July 2000 and activities relating to this have been transferred to OET accordingly. Consequently, the turnover of the group had increased in 2001 year end to reflect the sales of square piles by OET.

The increase in turnover, on an annualised basis for the seven-month period ended 31 October 2001, was primarily due to additional sales made during the period resulted from higher demand for concrete products from several major infrastructure projects implemented by the government this financial period.

4.1.2 Taxation

The effective tax rate on the Company's profit was lower than statutory rate in years ended 31 March 2000 and 2001 due to the utilisation of reinvestment allowances.

No provision for taxation was required on business income in financial year 1999 as this was a tax free year. The credit position was in respect of the reversal of potential deferred tax liabilities being partially set off by the underprovision of previous years' taxation.

4.1.3 Gross Profit Margin (GPM)

The GPM in 1997 to 1998 was consistent at 23% with no major fluctuation observed. In 1999, the GPM has improved significantly to 30% despite the depressed economy, which was mainly caused by the decline in raw material price for cement, wire mesh and steel bar and a more stringent control and efficient usage of the raw materials. On the other hand, the Company had also reduced the wage rate by 5%, controlled overtime and allowances claimed by the factory workers. As such, the cost savings strategy had led to reduction of production cost per unit and hence higher GPM.

The GPM was maintained in financial year 2000 at approximately 30% since there were no major changes in the price and cost structure and increased to 36% in year 2001, mainly due to the decrease in raw material price for steel bar.

The GPM dropped from 36% to 34% in the financial period ended 31 October 2001 was mainly due to the drop in average selling prices resulting from the change in sales mix more to concrete products this period.

8. ACCOUNTANTS' REPORT (Cont'd)



4.2 Summarised Balance Sheets of OCI

Below are based on the audited financial statements of OCI at each of the last five financial years ended 31 March and as at 31 October 2001:-

	<----- As at 31 March ----->					As at
	1997	1998	1999	2000	2001	31.10.2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PROPERTY, PLANT AND EQUIPMENT	5,615	6,767	5,490	5,935	5,527	13,771
INTEREST IN SUBSIDIARY COMPANIES	1,303	1,465	1,721	3,053	5,120	6,471
	<u>6,918</u>	<u>8,232</u>	<u>7,211</u>	<u>8,988</u>	<u>10,647</u>	<u>20,242</u>
CURRENT ASSETS						
Inventories	2,589	3,399	3,593	3,946	5,314	6,412
Trade receivables	5,519	7,040	5,317	6,345	8,052	10,182
Other receivables, deposits and prepayments	18	43	479	188	196	186
Amounts due from directors	-	516	-	473	-	-
Short term deposits with licensed banks	-	2,500	5,300	7,255	7,596	3,043
Cash and bank balances	488	13	115	3	261	42
	<u>8,614</u>	<u>13,511</u>	<u>14,804</u>	<u>18,210</u>	<u>21,419</u>	<u>19,865</u>
Less:						
CURRENT LIABILITIES						
Trade payables	4,328	4,121	2,911	4,478	3,903	5,837
Other payables and accruals	202	918	645	442	226	30
Amounts due to directors	382	-	264	-	-	-
Hire purchase creditors	634	722	412	136	72	72
Bank overdrafts (secured)	-	1,193	-	173	-	541
Provision for taxation	1,859	2,309	1,280	1,262	1,115	1,211
Proposed dividend	500	1,052	1,052	-	5,790	3,300
	<u>7,905</u>	<u>10,315</u>	<u>6,564</u>	<u>6,491</u>	<u>11,106</u>	<u>10,991</u>
Net Current Assets	709	3,196	8,240	11,719	10,313	8,874
DEFERRED TAXATION	(159)	(150)	(63)	(45)	(105)	(125)
HIRE PURCHASE CREDITORS	(587)	(477)	(128)	-	(108)	(66)
	<u>6,881</u>	<u>10,801</u>	<u>15,260</u>	<u>20,662</u>	<u>20,747</u>	<u>28,925</u>

8. ACCOUNTANTS' REPORT (Cont'd)

	<----- As at 31 March ----->					As at
	1997	1998	1999	2000	2001	31.10.2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financed by:						
SHARE CAPITAL	500	1,052	1,052	1,052	1,052	1,052
REVALUATION SURPLUS	-	-	-	-	-	7,601
UNAPPROPRIATED PROFIT	<u>6,381</u>	<u>9,749</u>	<u>14,208</u>	<u>19,610</u>	<u>19,695</u>	<u>20,272</u>
	<u>6,881</u>	<u>10,801</u>	<u>15,260</u>	<u>20,662</u>	<u>20,747</u>	<u>28,925</u>
NTA per share (RM)	<u>13.76</u>	<u>10.27</u>	<u>14.51</u>	<u>19.64</u>	<u>19.72</u>	<u>27.50</u>

Note:

Net tangible assets ("NTA") per share is calculated based on NTA over the number of shares in issue at the year/period end.

8. ACCOUNTANTS' REPORT (Cont'd)**5 Financial Performance Of OKA Readymixed Concrete Sdn Bhd****5.1 Summarised Results of ORC**

The summarised results of OKA Readymixed Concrete Sdn Bhd (ORC) based on the audited financial statements of the Company for each of the last five financial years ended 31 March and seven months period ended 31 October 2001 are set out below:-

	<----- Years ended 31 March ----->					Period ended
	1997	1998	1999	2000	2001	31.10.2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	2,145	961	1,269	2,112	2,913	2,329
Cost of sales	1,935	863	1,146	1,906	2,633	2,088
Gross profit	210	98	123	206	280	241
Other income	3	3	5	6	4	10
Net expenses	(219)	(253)	(384)	(372)	(377)	(239)
(Loss)/profit for the year/period	(6)	(152)	(256)	(160)	(93)	12
Taxation	-	-	-	-	-	-
(Loss)/profit after taxation	(6)	(152)	(256)	(160)	(93)	12
Unappropriated profit/ (Accumulated loss) brought forward	6	*	(152)	(408)	(568)	(661)
Unappropriated profit/ (Accumulated loss) carried forward	*	(152)	(408)	(568)	(661)	(649)
Number of shares	**	**	**	**	**	**
Gross earnings/(loss) per share (RM'000)	(3)	(76)	(128)	(80)	(46.5)	+ 10.3
Net earnings/(loss) per share (RM'000)	(3)	(76)	(128)	(80)	(46.5)	+ 10.3

+ Annualised

Notes :

- (i) Turnover represents sales of readymixed concrete.
- (ii) No dividend was proposed for all years/period under review.
- (iii) There were no extraordinary items in respect of the financial years/period.
- (iv) * denotes RM392.
- (v) ** represents 2 shares of RM1 each

8. ACCOUNTANTS' REPORT (Cont'd)



5.2 Summarised Balance Sheets of ORC

Below are based on the audited financial statements of ORC at each of the last five financial years ended 31 March and as at 31 October 2001 are set out below:-

	←----- As at 31 March ----->					As at
	1997	1998	1999	2000	2001	31.10.2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUIPMENT	38	29	20	11	2	1
CURRENT ASSETS						
Trade receivables	136	150	243	478	879	741
Other receivables, deposits and prepayments	-	-	2	-	-	-
Amount due from related Company	8	11	15	15	-	-
Amount due from holding company	-	-	-	-	264	-
Amount due from a director	-	-	-	-	-	-
Cash and bank balances	21	5	12	85	57	87
	<u>165</u>	<u>166</u>	<u>272</u>	<u>578</u>	<u>1,200</u>	<u>828</u>
Less:						
CURRENT LIABILITIES						
Other creditors and accruals	1	17	18	7	1	-
Amount due to holding company	200	329	682	1,150	-	45
Amount due to a related company	-	-	-	-	1,862	1,433
Amount due to directors	-	1	-	-	-	-
Provision for taxation	2	-	-	-	-	-
	<u>203</u>	<u>347</u>	<u>700</u>	<u>1,157</u>	<u>1,863</u>	<u>1,478</u>
Net Current assets/(liabilities)	<u>(38)</u>	<u>(181)</u>	<u>(428)</u>	<u>(579)</u>	<u>(663)</u>	<u>(650)</u>
	<u>-</u>	<u>(152)</u>	<u>(408)</u>	<u>(568)</u>	<u>(661)</u>	<u>(649)</u>
Financed by:						
SHARE CAPITAL	*	*	*	*	*	*
UNAPPROPRIATED PROFIT/(ACCUMULATED LOSS)	<u>**</u>	<u>(152)</u>	<u>(408)</u>	<u>(568)</u>	<u>(661)</u>	<u>(649)</u>

8. ACCOUNTANTS' REPORT (Cont'd)



	<----- As at 31 March ----->					As at
	1997	1998	1999	2000	2001	31.10.2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net tangible assets/(liabilities) per share (RM'000)	<u>***</u>	<u>(76)</u>	<u>(204)</u>	<u>(284)</u>	<u>(331)</u>	<u>(324)</u>

* *represents 2 shares of RM 1 each*

** *denotes RM392*

*** *denotes RM196*

8. ACCOUNTANTS' REPORT (Cont'd)



6 Financial Performance Of OKA Engineering And Trading Sdn Bhd

6.1 Summarised Results of OET

The summarised results of OKA Engineering and Trading Sdn Bhd (OET) based on the audited financial statements of the Company for the last five financial years ended 31 March and seven months period ended 31 October 2001 are set out below:-

	<-----Years ended 31 March----->					Period ended
	1997	1998	1999	2000	2001	31.10.2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	4,116	5,299	2,637	4,749	8,069	6,919
Cost of sales	3,745	4,759	2,406	4,232	7,633	6,563
Gross profit	371	540	231	517	436	356
Other income	5	-	-	-	7	14
Interest expenses	(5)	(4)	(4)	-	-	-
Net expenses	(75)	(220)	(327)	(456)	(434)	(220)
Profit/(Loss) before tax	296	316	(100)	61	9	150
Taxation	(90)	(81)	(4)	(18)	4	(28)
Profit/(Loss) after tax	206	235	(104)	43	13	122
Unappropriated profit brought forward	15	221	456	352	395	408
Unappropriated profit carried forward	221	456	352	395	408	530
Number of shares	*	*	*	*	*	*
Gross earnings/(loss) per share (RM'000)	148	158	(50)	31	5	+ 129
Net earnings/(loss) per share (RM'000)	103	118	(52)	22	7	+ 105

+ Annualised

* represents 2 shares of RM1 each

8. ACCOUNTANTS' REPORT (Cont'd)**Notes :**

- (i) Turnover represents sales of prestressed and reinforced concrete piles.
- (ii) There were no extraordinary items in the financial years/period under review.
- (iii) No dividend was proposed for all years/period under review.

6.2 Summarised Balance Sheets

Below are based on the audited accounts of OET at each of the last five financial years ended 31 March and as at 31 October 2001 are as follows :-

	<----- As at 31 March ----->					As at
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	31.10.2001 RM'000
PLANT AND EQUIPMENT	75	54	32	11	260	298
CURRENT ASSETS						
Inventories	-	-	-	-	1,471	2,680
Trade receivables	1,402	1,668	1,396	1,872	1,809	2,339
Other receivables, deposits and prepayments	1	1	1	5	87	126
Amount due from a related company	-	-	-	-	1,862	1,434
Cash and bank balances	1	81	25	97	40	55
	<u>1,404</u>	<u>1,750</u>	<u>1,422</u>	<u>1,974</u>	<u>5,269</u>	<u>6,634</u>
Less:						
CURRENT LIABILITIES						
Trade payables	-	-	-	-	-	157
Other payables and accruals	1	5	5	4	1	40
Amount due to holding company	1,102	1,137	1,012	1,571	5,120	6,205
Amount due to related company	9	11	14	15	-	-
Amount due to a director	-	2	-	-	-	-
Hire purchase creditors	29	24	-	-	-	-
Provision for taxation	90	167	71	-	-	-
	<u>1,231</u>	<u>1,346</u>	<u>1,102</u>	<u>1,590</u>	<u>5,121</u>	<u>6,402</u>

8. ACCOUNTANTS' REPORT (Cont'd)

	<-----As at 31 March----->					As at
	1997	1998	1999	2000	2001	31.10.2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net Current						
Assets/(Liabilities)	173	404	320	384	148	232
DEFERRED TAXATION	-	(2)	-	-	-	-
HIRE PURCHASE						
CREDITORS	(27)	-	-	-	-	-
	<u>221</u>	<u>456</u>	<u>352</u>	<u>395</u>	<u>408</u>	<u>530</u>
Financed by:						
SHARE CAPITAL	*	*	*	*	*	*
UNAPPROPRIATED						
PROFIT	<u>221</u>	<u>456</u>	<u>352</u>	<u>395</u>	<u>408</u>	<u>530</u>
NTA per share(RM'000)	<u>110</u>	<u>228</u>	<u>176</u>	<u>198</u>	<u>204</u>	<u>265</u>

**Share capital consists of 2 shares of RM1/- each*

Note:

Net tangible assets ("NTA") per share is calculated based on NTA over the number of shares in issue at the year/period end.

8. ACCOUNTANTS' REPORT (Cont'd)



7 Financial Performance Of Real Charisma Sdn Bhd

7.1 Summarised Results Real Charisma Sdn Bhd

The summarised results of Real Charisma Sdn Bhd (RC) based on the audited financial statements of the Company for the past reporting period/year under review since the date of incorporation are set out below:-

	From date of incorporation to 31.12.1998 RM'000	15 months to 31.3.2000 RM'000	Year ended 31.3.2001 RM'000	Period ended 31.10.2001 RM'000
Turnover	-	184	288	168
Cost of sales	-	169	288	184
Gross profit/(loss)	-	15	-	(16)
Net expenses	(2)	(2)	(2)	(1)
(Loss)/Profit before taxation	(2)	13	(2)	(17)
Taxation	-	(4)	1	3
(Loss)/Profit after taxation	(2)	9	(1)	(14)
(Accumulated loss)/ Unappropriated profit brought forward	-	(2)	7	6
(Accumulated loss)/ Unappropriated profit carried forward	(2)	7	6	(8)
Number of shares ('000)	100	100	100	100
Gross earnings/(loss) per share (RM)	(0.02)	0.13	(0.02)	+ (0.29)
Net earnings/(loss) per share	(0.02)	0.09	(0.01)	+ (0.24)

+ Annualised

Notes :

- (i) Turnover represents transportation fees receivable.
- (ii) There were no extraordinary items in respect of all the periods/year under review.
- (iii) No dividend was proposed for all periods/year under review.

8. ACCOUNTANTS' REPORT (Cont'd)



7.2 Summarised Balance Sheets

Below are based on the audited financial statements of RC as at 31 December 1998, 31 March 2000, 31 March 2001 and 31 October 2001:-

	<----- As at ----->			
	31.12.1998	31.3.2000	31.3.2001	31.10.2001
	RM'000	RM'000	RM'000	RM'000
PLANT AND EQUIPMENT	-	320	344	285
CURRENT ASSETS				
Other debtors, deposits and prepayments	98	100	-	-
Cash and bank balances	-	1	4	4
	<u>98</u>	<u>101</u>	<u>4</u>	<u>4</u>
Less:				
CURRENT LIABILITIES				
Other creditors and accruals	-	1	1	2
Amount due to holding company	-	307	238	195
Amount due to a director	-	2	-	-
	<u>-</u>	<u>310</u>	<u>239</u>	<u>197</u>
Net current assets/(liabilities)	98	(209)	(235)	(193)
DEFERRED TAXATION	-	(4)	(3)	-
	<u>98</u>	<u>107</u>	<u>106</u>	<u>92</u>
Financed by:				
SHARE CAPITAL	100	100	100	100
(ACCUMULATED LOSS)/ UNAPPROPRIATED PROFIT	(2)	7	6	(8)
	<u>98</u>	<u>107</u>	<u>106</u>	<u>92</u>
NTA per share (RM)	<u>0.98</u>	<u>1.07</u>	<u>1.06</u>	<u>0.92</u>

Note:

Net tangible assets ("NTA") per share is calculated based on NTA over the number of shares in issue at the year/period end.

8. ACCOUNTANTS' REPORT (Cont'd)



8 Cash Flow Statement

The cash flow statement for the OKAC is based on the audited financial statements for the year ended 31 October 2001.

The proforma consolidated cash flow statement of the Proforma Group for the year ended 31 October 2001 set out below is for illustrative purposes only, to show the effects of the acquisition and the public and rights issue and on the assumption that these transactions were completed on 31 March 2001. The proforma consolidated cash flow statement should be read in conjunction with the notes set out in the following paragraph.

The proforma consolidated cash flow statement has been prepared based on the audited financial statements of OKAC, OCI, OET, ORC and RC for the period ended 31 October 2001 after incorporating the proposed utilisation of proceeds from the rights and public issue of shares.

	OKAC RM'000	Proforma OKAC Group RM'000	Note
Cash flow from operating activities			
(Loss)/Profit before taxation	(1)	5,484	
Adjustments for:-			
Depreciation	-	940	
Hire purchase interest expense	-	6	
Interest income	-	(199)	
Operating profit before working capital changes		6,231	
Increase in inventories	-	(2,307)	
Increase in trade and other receivables	-	(2,512)	
Increase in trade and other payables	104	2,036	
Cash generated from operations	103	3,448	
Expenditure carried forward incurred	(143)	(143)	
Overdue interest received	-	88	
Taxation paid	-	(1,413)	
<i>Net cash (used in)/generated from operating activities</i>	(40)	1,980	
Cash flow from investing activities			
Interest received	-	111	
Proceeds from sales of equipment	-	2	
Acquisition of cash from subsidiaries	-	7,955	8.1.1
Purchase of property, plant and equipment	-	(23,064)	8.1.2
Listing expenses	-	(1,600)	
<i>Net cash used in investing activities</i>	-	(16,596)	

8. ACCOUNTANTS' REPORT (Cont'd)



	OKAC RM'000	Proforma OKAC Group RM'000	Note
Cash flow from financing activities			
Hire purchase interest paid	-	(6)	
Repayment of hire purchase creditors	-	(42)	
Dividend paid	-	(5,790)	
Proceeds from issue of shares	-	26,769	8.1.3
<i>Net cash generated from financing activities</i>	-	20,931	
(Decrease)/Increase in cash and cash equivalents	(40)	6,315	
Cash and cash equivalents at beginning of period	96	96	
Cash and cash equivalents at end of period	56	6,411	

8.1 Assumptions to the Proforma Cash Flow Statement

8.1.1 OKAC acquired OCI and its subsidiaries on 31 March 2001. The fair value of the assets acquired and the liabilities assumed are as follows:-

	RM'000
Property, plant and equipment	13,734
Inventories	6,785
Receivables	11,024
Payables	(11,326)
Cash and cash equivalents	7,955
	28,172
Less: Value of shares issued	(28,172)
Add: Cash and cash equivalents acquired	7,955
Cash flow from acquisition	7,955

8.1.2 Purchase of property, plant and equipment

- Existing purchases of OCI Group	1,564
- Proposed capital expenditure	21,500
	23,064

8.1.3 Proceeds from issue of shares

- Rights issue of 11,258,252 @ RM1.29	14,523
- Public issue of 6,803,000 @ RM1.80	12,246
	26,769

8. ACCOUNTANTS' REPORT (Cont'd)



9 Statements of Assets and Liabilities

The detailed statement of assets and liabilities of OCI Group and OCI based on the audited financial statements of OCI as at 31 October 2001 are set out as follow and should be read in conjunction with the accompanying notes:-

	Note	Group RM'000	Company RM'000
PROPERTY, PLANT AND EQUIPMENT	9.2	14,356	13,771
SUBSIDIARY COMPANIES	9.3	-	25
CURRENT ASSETS			
Inventories	9.4	9,093	6,412
Trade receivables	9.5	13,262	10,182
Other receivables and prepayments		312	186
Amounts due from subsidiary companies	9.6	-	6,446
Short term deposits with licensed banks		3,043	3,043
Cash and bank balances		187	42
		25,897	26,311
Less:			
CURRENT LIABILITIES			
Trade payables		5,993	5,837
Other payables and accruals		72	30
Hire purchase creditors	9.7	72	72
Bank overdraft (secured)	9.8	541	541
Provision for taxation		1,211	1,211
Proposed dividend		3,300	3,300
		11,189	10,991
Net current assets		14,708	15,320
HIRE PURCHASE CREDITORS	9.7	(66)	(66)
DEFERRED TAXATION	9.9	(125)	(125)
		28,873	28,925
Financed by:-			
SHARE CAPITAL	9.10	1,052	1,052
RESERVES	9.11	27,821	27,873
		28,873	28,925

8. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

9.1 Significant Accounting Policies

The following accounting policies are adopted by the OCI Group and OCI and are consistent with those adopted in previous years.

9.1.1 Basis of Preparation

The financial statements of the OCI Group and of OCI are prepared in compliance with applicable approved accounting standards in Malaysia.

9.1.2 Basis of Consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

9.1.3 Property, plant and equipment

Property, plant and equipment except for freehold land are stated at cost/valuation less accumulated depreciation and accumulated impairment losses.

The Group revalues its property comprising land and buildings every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the property revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

Property, plant and equipment retired from active use and held for disposal are stated at the lower of net book value and net realisable value.

Property, plant and equipment are depreciated on a straight line basis so as to write off their costs over their estimated useful lives, except for freehold land on which no amortisation is provided.

8. ACCOUNTANTS' REPORT (Cont'd)



The principal annual rates used are as follows:-

Factory land and development cost	2%
Factory buildings	2%
Office building	2%
Plant and machinery	20%
Factory equipment	20%
Motor vehicles	20%
Electrical installation	10%
Office equipment	10% -20%
Furniture and fittings	5%

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it will be charged to equity. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred. Such subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

9.1.4 Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost of raw materials is determined on the first-in, first-out basis and also includes incidental costs of bringing it into store. Cost of finished goods include raw materials and direct labour and the relevant fixed and variable factory overheads at standard cost adjusted for variance and approximates actual cost.

9.1.5 Taxation

The tax expense in the income statement represents taxation at current tax rates based on profit earned during the year.

Deferred taxation is provided on the liability method for all timing differences except where no liability is expected to arise in the foreseeable future and there are no indications the timing differences will reverse thereafter.

Deferred tax benefits arising from unutilised tax losses and capital allowances are only recognised when there is a reasonable expectation of realisation in the near future.

8. ACCOUNTANTS' REPORT (Cont'd)



9.1.6 Accounting for hire purchase

Assets acquired under hire purchase agreements are capitalised at their purchase cost and depreciated on the same basis as owned assets. The total amount payable under hire purchase agreements are included under hire purchase creditor. The interest element of the rental obligations is amortised over the period of the agreements.

9.1.7 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts.

9.1.8 Receivables

All known bad debts are written off and specific allowance is made for any considered to be doubtful of collection.

8. ACCOUNTANTS' REPORT (Cont'd)


**9.2 PROPERTY, PLANT AND EQUIPMENT
GROUP**

At Cost/Valuation	Freehold land and buildings (Note 9.2.1) RM'000	Capital work-in- progress, plant, machinery and office equipment RM'000	Furniture, fittings, motor vehicles and electrical installation RM'000	Total RM'000
Balance at 1 April 2001	1,965	13,605	3,150	18,720
Additions	239	1,168	157	1,564
Revaluation surplus	7,601	-	-	7,601
Disposal	-	-	(3)	(3)
Balance at 31 October 2001	<u>9,805</u>	<u>14,773</u>	<u>3,304</u>	<u>27,882</u>
Representing items				
At cost	515	14,773	3,304	18,592
Directors' valuation	9,290	-	-	9,290
Balance at 31 October 2001	<u>9,805</u>	<u>14,773</u>	<u>3,304</u>	<u>27,882</u>
Accumulated Depreciation				
Balance at 1 April 2001	125	10,672	1,790	12,587
Charge for the period	17	674	249	940
Disposal	-	-	(1)	(1)
Balance at 31 October 2001	<u>142</u>	<u>11,346</u>	<u>2,038</u>	<u>13,526</u>
Net Book Value				
Balance at 31 October 2001	<u>9,663</u>	<u>3,427</u>	<u>1,266</u>	<u>14,356</u>

8. ACCOUNTANTS' REPORT (Cont'd)



COMPANY

At Cost/Valuation	Freehold land and office buildings (Note 9.2.1) RM'000	Capital work-in- progress, plant, machinery and office equipment RM'000	Furniture, fittings, motor vehicles and electrical installation RM'000	Total RM'000
Balance at 1 April 2001	1,965	12,966	2,505	17,436
Additions	239	1,160	87	1,486
Revaluation	7,601	-	-	7,601
Disposal	-	-	(3)	(3)
Balance at 31 October 2001	<u>9,805</u>	<u>14,126</u>	<u>2,589</u>	<u>26,520</u>
Representing items				
At cost	515	14,126	2,589	17,230
Directors' valuation	<u>9,290</u>	<u>-</u>	<u>-</u>	<u>9,290</u>
Balance at 31 October 2001	<u>9,805</u>	<u>14,126</u>	<u>2,589</u>	<u>26,520</u>
Accumulated Depreciation				
Balance at 1 April 2001	125	10,290	1,494	11,909
Charge for the period	17	636	188	841
Disposal	-	-	(1)	(1)
Balance at 31 October 2001	<u>142</u>	<u>10,926</u>	<u>1,681</u>	<u>12,749</u>
Net Book Value				
Balance at 31 October 2001	<u>9,663</u>	<u>3,200</u>	<u>908</u>	<u>13,771</u>

The net book value of properties, plant and equipment of Group and Company above includes motor vehicles of RM184,500 acquired under hire purchase arrangements.

8. ACCOUNTANTS' REPORT (Cont'd)



9.2.1 Freehold land and buildings

GROUP/COMPANY

At Cost/Valuation	Freehold factory land and development cost RM'000	Factory buildings RM'000	Office building RM'000	Total RM'000
Balance at 1 April 2001	711	985	269	1,965
Additions	-	239	-	239
Revaluation surplus/(deficit)	7,145	565	(109)	7,601
Balance at 31 October 2001	<u>7,856</u>	<u>1,789</u>	<u>160</u>	<u>9,805</u>
Representing items				
At cost	51	464	-	515
Directors' valuation	<u>7,805</u>	<u>1,325</u>	<u>160</u>	<u>9,290</u>
Balance at 31 October 2001	<u>7,856</u>	<u>1,789</u>	<u>160</u>	<u>9,805</u>
Accumulated Depreciation				
Balance at 1 April 2001	51	74	-	125
Charge for the period	-	17	-	17
Balance at 31 October 2001	<u>51</u>	<u>91</u>	<u>-</u>	<u>142</u>
Net Book Value				
Balance at 31 October 2001	<u>7,805</u>	<u>1,698</u>	<u>160</u>	<u>9,663</u>

The Company is in the process of converting the freehold land from agricultural land to industrial land. Approval from the relevant authorities to carry out operations on the agricultural land have been obtained.

Revaluation

Land and buildings are stated at Directors' Valuation based on professional valuations made by Thoo Sing Choon, a chartered surveyor in Colliers, Jordan Lee and Jaafar Sdn Bhd, on the open market basis conducted on 10 January 2001.

Had the land and buildings been carried at historical cost less accumulated depreciation, the carrying amount of the revalued assets that would have been included in the financial statements at the end of the period is RM2,066,281.

8. ACCOUNTANTS' REPORT (Cont'd)**Security**

Freehold land and office buildings amounting to RM2.2 million (31.3.2001: RM698,312) and RM160,000 (31.3.2001: RM268,783) respectively have been charged to banks for facilities granted.

9.3 SUBSIDIARY COMPANIES

	COMPANY RM'000
Unquoted shares at cost	<u>25</u>

Details of the subsidiaries are already presented in paragraph 1.2 of this report.

9.4 INVENTORIES

	GROUP RM'000	COMPANY RM'000
At cost:		
Raw materials	861	338
Finished goods	<u>8,232</u>	<u>6,074</u>
	<u>9,093</u>	<u>6,412</u>

9.5 TRADE RECEIVABLES

	GROUP RM'000	COMPANY RM'000
Trade receivables	15,492	11,466
Less: Provision for doubtful debts		
Balance at 1 April 2001	(2,161)	(1,320)
Additions	(184)	(79)
	(2,345)	(1,399)
Write back	115	115
Balance at 31 October 2001	<u>(2,230)</u>	<u>(1,284)</u>
	<u>13,262</u>	<u>10,182</u>

9.6 AMOUNTS DUE FROM SUBSIDIARY COMPANIES

The amounts due from subsidiary companies are interest-free, unsecured and have no fixed terms of repayment.

8. ACCOUNTANTS' REPORT (Cont'd)**9.7 HIRE PURCHASE CREDITORS**

	GROUP/COMPANY RM'000
Hire purchase instalments payable	159
Less: Interest in suspense	<u>(21)</u>
	<u>138</u>
Repayable under 12 months	72
Repayable between 1 and 5 years	<u>66</u>
	<u>138</u>

9.8 BANK OVERDRAFTS (SECURED)

The bank overdrafts of the Group/Company are secured by:-

- (i) a fixed charge over the land and factory held under HS(D)KA 452/73, Lot 65315 Sg Trap, Mukim Kinta known as Lot 65315, Sg Trap, Off 5th Milestone Gopeng, Batu Gajah, Perak with a net book value of RM2,228,594 (31.3.2001: RM698,312);
- (ii) a fixed charge over the 2 1/2 storey terrace shophouse held under HS(D)KA 4413/81 PT 36634 Bandar Ipoh, Daerah Kinta known as No. 585, Jalan Kuala Kangsar, 30010 Ipoh with a net book value of RM160,000 (31.3.2001: RM268,783); and
- (iii) a joint and several guarantee of RM1,300,000 by all the Directors of the Company.

Interest is charged at 2.00% (31.3.2001: 2.00%) per annum above base lending rate.

9.9 DEFERRED TAXATION

Movement in deferred taxation account:-

	GROUP RM'000	COMPANY RM'000
At 1 April 2001	108	105
Transfer to income statement	<u>17</u>	<u>20</u>
At 31 October 2001	<u>125</u>	<u>125</u>

Deferred tax in respect of the revaluation of property of the Company has not been provided for as the properties are held for long term use.

Subject to agreement with the Inland Revenue Board, the Group has potential deferred tax benefits not taken up in the financial statements under the liability method in respect of the following items:

	GROUP RM'000
Unutilised tax losses	<u>438</u>
Other timing difference	<u>210</u>

8. ACCOUNTANTS' REPORT (Cont'd)



9.10 SHARE CAPITAL

	COMPANY RM'000
Authorised:-	
Ordinary shares of RM1 each	<u>5,000</u>
Issued and fully paid up:-	
Ordinary shares of RM1 each	<u>1,052</u>

9.11 RESERVES

	GROUP RM'000	COMPANY RM'000
Non distributable		
Reserve on consolidation	75	-
Revaluation surplus		
Surplus on revaluation of properties for the period	<u>7,601</u>	<u>7,601</u>
	7,676	7,601
Distributable		
Unappropriated profit brought forward	19,448	19,695
Net profit for the period	3,997	3,877
Less: Proposed dividend	(3,300)	(3,300)
Unappropriated profit carried forward	<u>20,145</u>	<u>20,272</u>
Total	<u>27,821</u>	<u>27,873</u>

9.12 CAPITAL COMMITMENTS

	GROUP/COMPANY RM'000
Properties	
Approved and contracted for	<u>582</u>

9.13 CONTINGENT LIABILITIES (UNSECURED)

Litigation

A claim of RM1,603,000 was made against a subsidiary company for defamation and loss of business. The Directors are of the opinion that there is no merit to the claim made based on legal opinion from the solicitors. The Directors do not expect any liability to arise and therefore, no provision is made in the financial statements.

9.14 EVENT SUBSEQUENT TO BALANCE SHEET DATE

On 1 February 2002, the Directors has approved a purchase of landed properties at a consideration of RM2,950,000.

8. ACCOUNTANTS' REPORT (Cont'd)**10. Net Tangible Assets Cover**

Based on the statement of assets and liabilities of the Group as at 31 October 2001 and after adjusting for the estimated cost of this exercise, the net tangible assets cover per ordinary share is calculated as follows:-

	RM'000
Net tangible assets as at 31 October 2001	28,873
Less: Estimated cost of this exercise	<u>(1,600)</u>
Adjusted balance at 31 October 2001	<u>27,273</u>
Number of ordinary shares in issue ('000)	<u>1,052</u>
Net tangible assets per ordinary share(RM)	<u>25.92</u>

Yours faithfully,

KPMG

Firm number: AF-0758

Chartered Accountants

Peter Ho Kok Wai

Partner

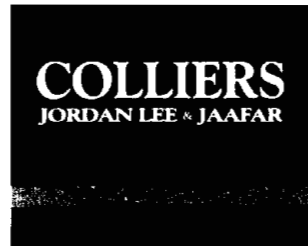
Approval Number: 1745/12/03 (J)

9. VALUERS' REPORT

VALUER'S CERTIFICATE

24 April 2002

The Board of Directors,
OKA Corporation Berhad,
No. 6, Lebuhraya Chateau,
Off Persiaran Kampar,
30250 Ipoh,
PERAK DARUL RIDZUAN.



**COLLIERS, JORDAN LEE
& JAAFAR SDN. BHD.**
(59901-U)

Suites 1, 2 & 3, Tingkat Kedua,
Labrooy House,
Jalan Dato Sagor,
30000 Ipoh,
Tel No. 05-2414826 (3 Lines)
Fax : 05-2556363
Email : cjlijph@tm.net.my

Dear Sirs,

Re: VALUATION OF PROPERTIES BELONGING TO OKA CORPORATION
BERHAD

This Certificate has been prepared for inclusion in the Prospectus of OKA Corporation Berhad to be dated 30/4/2002.. issued in connection to the public issue of 6,803,000 new ordinary shares of RM1.80 each and the offer for sale of 11,297,000 ordinary shares on the listing and quotation for its entire issues and paid-up share capital on the Second Board of the Kuala Lumpur Stock Exchange.

In accordance with your instructions, we have assessed the Market Value of the landed properties set out below. The details of the said valuations are set out in our Valuation Reports under references JLJC/PK/313/2000 and JLJC/PK/368/2000 both dated 10th January, 2001. The Valuation Reports have been prepared based on the Guidelines on Asset Valuation for Submission to the Securities Commission issued by the Securities Commission and the Manual of Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents.

The summary of the valuations is as follows:-

**International Property Consultants • Chartered Valuation Surveyors • Registered Valuers & Real Estate Agents •
Project & Property Managers • Plant & Machinery Valuers • Auctioneers**

Managing Director: P. TANGGA PERAGASAM, Fism, Frics. Chairman: CHIN LAI SITT, Fism, Frics, LLB (Hons), CLP, Executive Directors: THOO SING CHOON, Frics, Irrv, AciArb, Fpcc,
THNG KIM KOK, Mism, Frics, Director / Advisor: JAAFAR ISMAIL, Fism, Frics.

JORDAN LEE, KMN, Fism, Frics, Apeps, Irrv, Msiv, Scv, TEH TEIK BIN, Aries, Mism, Irrv, Prof. Dip (U.K.), CHIN KIM CHOY, Mism, Dip. Est. Mgmt (U.K.), LEE THIAM SING, Mism,
KEVIN WONG PAK PING, B. Surv. Mism, LIM CHANG MEE, Fism, Frics, BA (Hons), B.Sc. (Hons)
Headquarters : Kuala Lumpur, Level 6, Block G North, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. Tel: 03-20955811 (10 Lines) Fax No: 03-20955843
Agency Division : Colliers International Property Consultants Sdn. Bhd.
Nos. 109 & 209, Block C, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, 46350 Petaling Jaya, Off jalan Damansara, Kuala Lumpur. Tel: 4610220 Fax: 4610330, 4610230
Other Offices : N. Sembilan : 9A, Kompleks Negeri, Jalan Dr. Krishnan, 70000 Seremban, Negeri Sembilan Darul Khusus, Malaysia. Tel: 06-7638890 & 7638990 Fax No: 06-7637936
Selangor : 31, Jalan Kapar, 41400 Klang, Selangor Darul Ehsan. Tel: 03-3420860 (3 Lines) Fax No: 03-3417888
Johor : Suite 326, 3rd Floor PanGlobal Plaza, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor Darul Takzim. Tel: 07-2232299 Fax No: 07-2245899
Pahang : 17, Jalan Gambut 2, 25000 Kuantan Pahang Darul Makmur. Tel: 09-5555588 Fax No: 09-5142146
Melaka : No. 669 & 669A, Taman Melaka Raya, 75000 Melaka. Tel: 06-2835522 (3 Lines) Fax No: 06-2837635
Penang : Lot 2.01, 2nd Floor, Southern Bank Building, 21, Lebuhraya Pantai, 10300 Pulau Pinang. Tel: 04-2637749 & 2637750 Fax No: 04-2637644
Asso. Office : Kuching : Lot 216 (2/F), Jalan Haji Taha, 93400 Kuching, Sarawak. Tel: 082-419200 & 419222 Fax No: 082-429315

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Other Colliers Offices: Australia, China, Hong Kong, India, Indonesia, Japan, New Zealand, Philippines, Singapore, Taiwan, Thailand, Vietnam, Austria, Belgium, Czech Republic, France, Germany, Greece, Hungary, Italy, Netherlands, Poland, Portugal, Republic of Ireland, Russia, Scotland, Slovenia, South Africa, Spain, Turkey, United Kingdom, The Americas Argentina, Canada, Mexico, Venezuela and United States Of America.

9. VALUERS' REPORT (Cont'd)

COLLIERS
JORDAN LEE & JAAFAR

1) Property Held Under Owner-Occupation																																																												
Property	Description	Tenure	Building Description	Market Value (RM)	Method of Valuation	Date																																																						
Lots 65305, 65306, 65315, 65316, 65317, 65318, 65319 and 65320, Title Nos. H.S.(D)KA 442/73, 443/73, 452/73, 453/73, 454/73, 455/73, 456/73 and 457/73 respectively, Mukim of Sungai Trap, District of Kinta, Perak Drul Ridzuan (Report Ref: JLJC/PK/313/2000)	Comprising 6 parcels of industrial lands (Lots 65305, 65306, 65315, 65316, 65317 and 65318) and 2 parcels agricultural land (Lots 65319 and 65320) which are erected upon with a pre-cast reinforced concrete drainage infrastructural/ building sub structural components factory complex and located off the 4 th m.s. Batu Gajah/Gopeng road, nearby to the Kellie's Castle, Batu Gajah, Perak Darul Ridzuan. Aggregate land area: 40.1488 acres. Note: Lots 65319 & 65320 are agricultural lands which have been approved and licensed by the Majlis Daerah Kinta Barat for use as a pre-cast concrete products manufacturing site under approval Bil. (03) dlm. MDKB. BG. (LT) 106/2001 dated 27 th September, 2001 and the operating licence is renewable yearly on payment of the prescribed fees to the said local council.	Freehold	The buildings were constructed in different phases from 1989 to 2000 (Building age from 1 to 12 years). The buildings are of permanent construction and brief details of the same are as follows:- <table border="1"> <thead> <tr> <th>Type</th> <th>Floor Area</th> <th>State of Repair</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>5,250 sf.</td> <td>Fair to good</td> </tr> <tr> <td>Guard's House 1</td> <td>96 sf.</td> <td>Fair</td> </tr> <tr> <td>Guard's House 2</td> <td>273 sf.</td> <td>Fair</td> </tr> <tr> <td>Workshop</td> <td>5,400 sf.</td> <td>Good</td> </tr> <tr> <td>Concrete Mixer Shed</td> <td>3,000 sf.</td> <td>Good</td> </tr> <tr> <td>Workshop 1</td> <td>400 sf.</td> <td>Fair</td> </tr> <tr> <td>Concrete Pipe Spinning Shed</td> <td>9,500 sf.</td> <td>Fair</td> </tr> <tr> <td>Pipe Casing Sheds</td> <td>9,973 sf.</td> <td>Fair</td> </tr> <tr> <td>Concrete Pipe Spinning Machine Shed No. 1</td> <td>12,342 sf.</td> <td>Fair</td> </tr> <tr> <td>Concrete Pipe Spinning Machine Shed No. 2</td> <td>5,160 sf.</td> <td>Fair</td> </tr> <tr> <td>Concrete Pipe Spinning Machine Shed No. 3</td> <td>8,850 sf.</td> <td>Fair</td> </tr> <tr> <td>Concrete Pipe Spinning Machine Shed No. 4</td> <td>15,758 sf.</td> <td>Fair</td> </tr> <tr> <td>Store 1</td> <td>10,000 sf.</td> <td>Good</td> </tr> <tr> <td>Porous Pipe Storage Shed</td> <td>4,800 sf.</td> <td>Fair</td> </tr> <tr> <td>Workshop 2</td> <td>1,953 sf.</td> <td>Fair</td> </tr> <tr> <td>Concrete Mixer Shed</td> <td>800 sf.</td> <td>Fair</td> </tr> <tr> <td>Total</td> <td>- 93,555 sf.</td> <td></td> </tr> </tbody> </table>	Type	Floor Area	State of Repair	Office	5,250 sf.	Fair to good	Guard's House 1	96 sf.	Fair	Guard's House 2	273 sf.	Fair	Workshop	5,400 sf.	Good	Concrete Mixer Shed	3,000 sf.	Good	Workshop 1	400 sf.	Fair	Concrete Pipe Spinning Shed	9,500 sf.	Fair	Pipe Casing Sheds	9,973 sf.	Fair	Concrete Pipe Spinning Machine Shed No. 1	12,342 sf.	Fair	Concrete Pipe Spinning Machine Shed No. 2	5,160 sf.	Fair	Concrete Pipe Spinning Machine Shed No. 3	8,850 sf.	Fair	Concrete Pipe Spinning Machine Shed No. 4	15,758 sf.	Fair	Store 1	10,000 sf.	Good	Porous Pipe Storage Shed	4,800 sf.	Fair	Workshop 2	1,953 sf.	Fair	Concrete Mixer Shed	800 sf.	Fair	Total	- 93,555 sf.		9,130,000/-	Industrial portion:- Cost Method with Investment Method as a Check. Agricultural portion:- Comparative Method with Residual Method as a check.	Date of Inspection: 10/7/2000 and 5/1/2001 Date of Valuation: 10/1/2001
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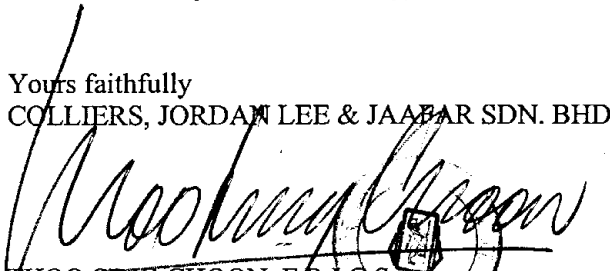
9. VALUERS' REPORT (Cont'd)

COLLIERS
JORDAN LEE & JAAFAR

2) Property Held For Investment						
Property	Description	Tenure	Building Description	Market Value (RM)	Method of Valuation	Date
Lot 6937N, Title No. Geran 38231, Town of Ipoh, District of Kinta, Perak Darul Ridzuan. (Report Ref: JLJC/PK/368/ 2000)	Comprising a mid 2½ storey shophouse and bearing address No. 585 & 585A, Jalan Kuala Kangsar, Ipoh, Perak Darul Ridzuan. Land Area: 1,400 sq.ft.	Freehold	The building is of permanent construction built in 1983. It has a total gross floor area of 2,220 sq.ft. State of repair is fair.	160,000/-	Comparative Method with Investment Method as a Check.	Date of Inspection: 17/1/2000 & 6/1/2001 Date of Valuation: 10/1/2001
			Total	9,290,000/-		

We certify that in our opinion the total market value for the existing use of the above properties using the aforementioned valuation methods is **RM9,290,000/- (Ringgit Malaysia: Nine Million And Two Hundred Ninety Thousand Only)**.

Yours faithfully
COLLIERS, JORDAN LEE & JAAFAR SDN. BHD.


PHOO SING CHOON F.R.I.C.S.,
A.R.V.A., A.C.I.Arb., F.P.C.S.,
Chartered Valuation Surveyor,
Registered Valuer V-132,
Malaysia.