

12. ACCOUNTANTS' REPORT (Cont'd)**GHI**

The audited balance sheets of GHI for the past six (6) financial years/period are as follows:

	As at 31 December		← As at 31 March →			As at
	1997	1998	2000	2001	2002	31 July
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS						
Property, plant and equipment	-	-	3,645	9,858	12,827	14,716
Intangible assets	8	11	-	-	-	-
	8	11	3,645	9,858	12,827	14,716
CURRENT ASSETS						
Inventories	-	-	-	559	1,593	1,535
Trade receivables	-	-	-	1,005	401	367
Other receivables	-	1	65	309	232	337
Cash and bank balances	*	*	605	1,174	636	610
	*	1	670	3,047	2,862	2,849
CURRENT LIABILITIES						
Trade payables	-	-	-	643	1,043	659
Other payables	8	12	2,812	902	1,993	3,790
Term loans	-	-	119	160	170	173
	8	12	2,931	1,705	3,206	4,622
NET CURRENT ASSETS/ (LIABILITIES)						
	(8)	(11)	(2,261)	1,342	(344)	(1,773)
	*	*	1,384	11,200	12,483	12,943
FINANCED BY:						
Share capital	*	*	300	10,000	10,000	10,000
Retained profits	-	-	57	321	1,776	2,293
Shareholders' equity	*	*	357	10,321	11,776	12,293
Term loans	-	-	1,002	812	640	583
Deferred tax	-	-	25	67	67	67
			1,027	879	707	650
	*	*	1,384	11,200	12,483	12,943
NTA/ (Net liabilities) per ordinary share (RM)						
	(4,000)	(5,500)	1.19	1.03	1.18	1.23
* RM2						

12. ACCOUNTANTS' REPORT (Cont'd)

Included in the above balance sheets are related companies balances classified in the following accounts :

	As at 31 December		← As at 31 March →			As at
	1997	1998	2000	2001	2002	31 July
	RM'000	RM'000	RM'000	RM'000	RM'000	2002
						RM'000
Trade receivables	-	-	-	908	-	-
Other receivables	-	-	-	7	-	-
Trade payables	-	-	-	411	1,040	654
Other payables	-	-	1,791	448	1,451	2,674

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

12. ACCOUNTANTS' REPORT (Cont'd)**GHL**

The audited balance sheets of GHL for the past six (6) financial years/period are as follows:

	As at 31 December		← As at 31 March →			As at
	1998	1999	2000	2001	2002	31 July
	RM'000	RM'000	RM'000	RM'000	RM'000	2002
						RM'000
NON-CURRENT ASSET						
Property, plant and equipment	6,380	6,270	6,517	5,656	5,514	5,467
CURRENT ASSETS						
Trade receivables	-	-	-	43	-	-
Other receivables	110	83	105	33	38	40
Fixed deposits with licensed banks	48	43	43	-	-	-
Cash and bank balances	22	4	356	533	802	1,017
	180	130	504	609	840	1,057
CURRENT LIABILITIES						
Short term borrowings	606	564	558	429	91	80
Due to a director	591	378	1,003	-	-	-
Other payables	509	446	451	383	359	361
Taxation	60	-	39	59	6	6
	1,766	1,388	2,051	871	456	447
NET CURRENT ASSETS/ (LIABILITIES)						
	(1,586)	(1,258)	(1,547)	(262)	384	610
	4,794	5,012	4,970	5,394	5,898	6,077
FINANCED BY:						
Share capital	2,000	2,000	2,000	2,000	2,000	2,000
Reserves	988	1,653	1,790	2,593	3,190	3,388
Shareholders' equity	2,988	3,653	3,790	4,593	5,190	5,388
Long term borrowings	1,627	1,180	996	602	509	490
Deferred taxation	179	179	184	199	199	199
	1,806	1,359	1,180	801	708	689
	4,794	5,012	4,970	5,394	5,898	6,077
NTA per ordinary share (RM)	1.49	1.83	1.90	2.30	2.60	2.69

12. ACCOUNTANTS' REPORT *(Cont'd)*

Included in the above balance sheets are related companies balances classified in the following accounts :

	As at 31 December		← As at 31 March →			As at
	1998	1999	2000	2001	2002	31 July
	RM'000	RM'000	RM'000	RM'000	RM'000	2002
						RM'000
Trade receivables	-	-	-	36	-	-
Other payables	123	123	123	260	260	260

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

12. ACCOUNTANTS' REPORT (Cont'd)**GHT**

The audited balance sheets of GHT for the past six (6) financial years/period are as follows:

	As at 30 September		←As at 31 March→			As at
	1998	1999	2000	2001	2002	31 July
	RM'000	RM'000	RM'000	RM'000	RM'000	2002
						RM'000
NON-CURRENT ASSET						
Property, plant and equipment	489	587	541	458	352	364
CURRENT ASSETS						
Inventories	2	5	10	23	24	28
Trade receivables	390	368	233	399	713	670
Other receivables	128	126	122	44	28	27
Cash and bank balances	54	22	42	83	73	208
	574	521	407	549	838	933
CURRENT LIABILITIES						
Short term borrowings	162	156	108	45	47	65
Trade payables	485	457	363	184	229	159
Other payables	365	734	738	885	836	857
Taxation	41	15	-	-	-	-
	1,053	1,362	1,209	1,114	1,112	1,081
NET CURRENT LIABILITIES						
	(479)	(841)	(802)	(565)	(274)	(148)
	10	(254)	(261)	(107)	78	216
FINANCED BY :						
Share capital	117	117	317	317	317	317
Accumulated losses	(276)	(421)	(617)	(445)	(242)	(132)
Shareholders' equity	(159)	(304)	(300)	(128)	75	185
Long term borrowings	169	50	39	21	3	31
	10	(254)	(261)	(107)	78	216
NTA/ (Net liabilities) per ordinary share (RM)	(1.36)	(2.60)	(0.95)	(0.40)	0.24	0.58

12. ACCOUNTANTS' REPORT (Cont'd)

Included in the above balance sheets are related companies balances classified in the following accounts :

	As at 30 September		←As at 31 March→			As at
	1998	1999	2000	2001	2002	31 July
	RM'000	RM'000	RM'000	RM'000	RM'000	2002
Trade receivables	-	8	11	9	-	29
Trade payables	-	1	3	-	-	-
Other payables	-	-	50	325	322	323

E. DIVIDENDS

The Company has not paid or declared any dividend since the date of incorporation.

The details of final tax exempt dividends declared or paid by the subsidiary, SKP in respect of all the financial years/period under review are as follows:

Year Ended	Issued and Paid-up Share Capital RM	Dividend Rate %	Dividend RM
SKP			
31.3.1998	6,762,728	18	1,217,291
31.3.1999	6,762,728	-	-
31.3.2000	6,762,728	-	-
31.3.2001	6,762,728	-	-
31.3.2002	6,762,728	-	-
31.7.2002	6,762,728	-	-

Except for the above, no dividend has been paid or declared by the other subsidiaries during all the financial years/period under review.

12. ACCOUNTANTS' REPORT (Cont'd)**F. STATEMENT OF ASSETS AND LIABILITIES**

The following statement of assets and liabilities of the Proforma Group has been prepared based on the audited financial statements of the Company, SKP, GHL, GHI, GHT as at 31 July 2002 and on the assumption that the acquisitions of subsidiaries had been effected as at 31 July 2002.

	Note	The Company RM'000	Proforma Group RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	3	-	39,815
CURRENT ASSETS			
Inventories	4	-	4,557
Trade receivables	5	-	13,752
Other receivables	6	1	1,711
Other investments	7	-	1,000
Cash and bank balances	8	*	17,994
		<u>1</u>	<u>39,014</u>
CURRENT LIABILITIES			
Short term borrowings	9	-	347
Trade payables	11	-	10,013
Other payables	12	13	4,022
Taxation		-	674
		<u>13</u>	<u>15,056</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(12)</u>	<u>23,958</u>
		<u>(12)</u>	<u>63,773</u>
FINANCED BY :			
Share capital	13	*	40,800
Reserves	14	(12)	4,694
Shareholders' equity		(12)	45,494
Reserve on consolidation		-	14,475
		<u>(12)</u>	<u>59,969</u>
Long term borrowings	15	-	1,104
Deferred taxation	16	-	2,700
		-	3,804
		<u>(12)</u>	<u>63,773</u>
NTA/(Net liabilities) per ordinary share (RM)		<u>(5,955)</u>	<u>1.47</u>

* This represents RM2

12. ACCOUNTANTS' REPORT (Cont'd)**G. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES****1. SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of Accounting**

The financial statements of the Proforma Group and the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia.

(b) Revenue Recognition**(i) Sales of Goods**

Sales are recognised net of discounts when transfer of risks and rewards has been completed.

(ii) Revenue from Modification Works

Revenue for modification works is recognised net of discounts when the services are performed.

(iii) Rental Income

Rental income is recognised on accrual basis.

(c) Basis of Consolidation

Consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Proforma Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. Companies acquired or disposed during the period are included in the consolidated financial statements from the date of acquisition or to the date of disposal. Subsidiaries are consolidated using the acquisition method of accounting.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The difference between the cost of an acquisition over the fair value of the Proforma Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as reserve arising on consolidation and is not credited to income statement.

12. ACCOUNTANTS' REPORT (Cont'd)**(d) Investment**

Investment in subsidiary is stated at cost less provision for diminution in value. Such provision is made when there is a decline in value of investment and is recognised as an expense in the period in which the decline occurred. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

Quoted investments are stated at the lower of cost and market value.

(e) Currency Conversion and Translation

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

The principal exchange rates used for every unit of foreign currency ruling at balance sheet date are as follows:

	RM
United States Dollar	3.80
Japanese Yen	0.03
Singapore Dollar	2.14

(f) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated over the period of the respective lease which ranges from 56 years to 69 years. Depreciation of other property, plant and equipment is provided on the straight line basis to write off the cost of each asset to their residual value over the estimated useful life at the following annual rates:

Factory building	2%
Plant and machinery, factory equipment, electrical installation and fire protection installation	10%
Motor vehicles	10%
Office equipment, furniture and fittings, air conditioners and electrical fittings	10%

(g) Impairment of Assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

12. ACCOUNTANTS' REPORT (Cont'd)

**(h) Inventories**

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

(i) Deferred Taxation

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

(j) Hire Purchase

Property, plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in (f) above. The corresponding outstanding obligations due under the hire purchase after deducting finance charges are included as liabilities in the financial statements. Finance charges are charged to the income statement over the period of the respective agreements so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at bank and deposits at call, net of outstanding bank overdrafts.

(l) Borrowings

Borrowings are reported at their face values. Interest incurred on borrowings is charged to the income statement as expenses as and when incurred.

(m) Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

(n) Provision for Liabilities

Provisions for liabilities are recognised when the Company and Proforma Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

12. ACCOUNTANTS' REPORT (Cont'd)

**2. FINANCIAL RISK MANAGEMENT POLICIES**

The Proforma Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Proforma Group's businesses whilst managing its currency, interest rate, market, credit, liquidity and cash flows risks. The Proforma Group operates within clearly defined guidelines that are approved by the Board and the Proforma Group's policy is to not engage in speculative transactions. The Proforma Group's policy in respect of the major areas of treasury activity is set out as follows:

(a) Currency Risk

In the Proforma Group, foreign currency transaction exposure on normal trade transactions arises in respect of external trade and is not hedged.

(b) Interest Rate Risk

The Proforma Group's policy is to borrow principally on a floating rate basis.

(c) Market Risk

The Proforma Group does not have material exposure to market risk with respect to its investments.

(d) Credit Risk

Credit risks or the risk of customers defaulting are minimised and monitored via strictly limiting the Proforma Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Company's management reporting procedures.

The major customers of the Proforma Group are mainly multi national manufacturers located in the southern region of Malaysia and Singapore. Several of these customers individually account for a significant portion of the Proforma Group's sales in a normal year. The loss of any one of more of such customers could have a material adverse effect on the Proforma Group's financial condition or results of operations.

To manage this risk, the Proforma Group works closely with its customers to provide customer satisfaction through timely delivery and the provision of high quality products and services at competitive cost.

(e) Liquidity and Cash Flow Risk

The Proforma Group seeks to achieve a balance between certainty of funding even in difficult times for the Proforma Group and a flexible, cost-effective borrowings structure. The policy, therefore, seeks to ensure that, at a minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturities is to ensure that the amount of debt maturing in any one year is not beyond the Proforma Group's means to repay and refinance.

12. ACCOUNTANTS' REPORT (Cont'd)



3. PROPERTY, PLANT AND EQUIPMENT

Proforma Group

	** Land and buildings RM'000	Plant and machinery, factory equipment, electrical and fire protection installation RM'000	Motor vehicles RM'000	Office equipment, furniture and fixtures, air conditioners and renovation RM'000	Total RM'000
Cost	19,601	29,479	3,540	2,532	55,152
Accumulated depreciation	(1,431)	(12,210)	(900)	(796)	(15,337)
Net book value	18,170	17,269	2,640	1,736	39,815

** The details of land and buildings are as follows:

	Freehold land RM'000	Leasehold land RM'000	Factory buildings RM'000	Total RM'000
Cost	2,767	821	16,013	19,601
Accumulated depreciation	-	(46)	(1,385)	(1,431)
Net book value	2,767	775	14,628	18,170

- (a) Included in the above property, plant and equipment of the Proforma Group are plant and machinery and motor vehicles with net book value of RM628,000 and RM88,000 respectively held under hire purchase arrangement.
- (b) The net book values of property, plant and equipment pledged to a financial institution for banking facilities granted to the Proforma Group are as follows:

	Proforma Group RM'000
Freehold land	1,821
Leasehold land	68
Factory buildings	6,643
Plant and machinery	900
	<u>9,432</u>

12. ACCOUNTANTS' REPORT (Cont'd)

- (c) During the period, the Proforma Group acquired property, plant and equipment with an aggregate cost of RM1,353,000 of which RM46,000 were acquired by means of hire purchase arrangements.
- (d) Included in the property, plant and equipment of the Proforma Group are fully depreciated assets which are still in use costing as follows:

	Proforma Group RM'000
Office equipment	31
Plant and machinery and factory equipment	167
	<u>198</u>

- (e) Certain motor vehicles with net book value of RM458,000 are registered in the names of a director, a director of a subsidiary and held in trust on behalf of certain subsidiaries.

4. INVENTORIES

	Proforma Group RM'000
At cost -	
Raw materials	1,839
Work-in-progress	458
Finished goods	1,591
Others	669
	<u>4,557</u>

5. TRADE RECEIVABLES

	Proforma Group RM'000
Trade receivables	13,347
Due from SPI Plastic Industries (M) Sdn. Bhd. ("SPI")*	405
	<u>13,752</u>

- * A company in which a director, Dato' Gan Kim Huat has indirect interest through its holding company, South Peninsular Industries Berhad ("SPIB"). Subsequent to the financial period, Dato' Gan Kim Huat disposed off his shares in SPIB and resigned from the Board of Directors of SPI and SPIB.

12. ACCOUNTANTS' REPORT (Cont'd)**6. OTHER RECEIVABLES**

	The Company RM'000	Proforma Group RM'000
Due from SPI	-	45
Deposits and prepayment	1	1,518
Sundry receivables	-	148
	<u>1</u>	<u>1,711</u>

The amount due from SPI is unsecured, interest free and have no fixed terms of repayment.

7. OTHER INVESTMENTS

	Proforma Group RM'000
Investment quoted in Malaysia at cost – unit trusts	<u>1,000</u>
Market value of quoted unit trusts	<u>1,000</u>

8. CASH AND BANK BALANCES

	The Company RM'000	Proforma Group RM'000
Cash on hand and in banks	*	5,134
Fixed deposits with licensed banks	-	12,860
	<u>*</u>	<u>17,994</u>

* This represents RM2

Fixed deposits with licensed banks of the Proforma Group amounting to RM144,000 have been pledged to banks for bank guarantee facilities granted to certain subsidiaries.

9. SHORT TERM BORROWINGS

	Proforma Group RM'000
Secured :	
Hire purchase payables (Note 10)	64
Term loans (Note 15)	<u>253</u>
	317
Unsecured :	
Bank overdraft	<u>30</u>
	<u>347</u>

12. ACCOUNTANTS' REPORT (Cont'd)

The secured short term borrowings of the Proforma Group are secured by certain assets of the Proforma Group as disclosed in Note 3(b).

The short term borrowings bear interests of between 5.75% to 8.80% per annum.

10. HIRE PURCHASE PAYABLES

	Proforma Group RM'000
Future minimum payments:	
Payable within one year	76
Payable between one and five years	34
	<u>110</u>
Less : Finance charges	(15)
	<u>95</u>
Representing hire purchase liabilities:	
Due within 12 months (Note 9)	64
Due after 12 months (Note 15)	31
	<u>95</u>

The hire purchase bears interest of 7.25% per annum.

11. TRADE PAYABLES

	Proforma Group RM'000
Trade payables	9,646
Due to SPI	367
	<u>10,013</u>

12. OTHER PAYABLES

	The Company RM'000	Proforma Group RM'000
Due to SPI	-	72
Due to Dato' Gan Kim Huat, a director	-	350
Property, plant and equipment suppliers	-	243
Sundry payables	13	1,475
Accruals	-	1,882
	<u>13</u>	<u>4,022</u>

The amounts due to SPI and a director are unsecured, interest free and have no fixed terms of repayment. Subsequent to the financial period, the amount due to a director was fully settled.

12. ACCOUNTANTS' REPORT (Cont'd)**13. SHARE CAPITAL**

	Number of Ordinary Shares of RM1 Each		Amount	
	The Company '000	Proforma Group '000	The Company RM'000	Proforma Group RM'000
Authorised	100	100,000	100	100,000
Issued and fully paid	*	40,800	*	40,800

* This represents RM2

14. RESERVES

	The Company RM'000	Proforma Group RM'000
The reserves comprise the following:		
Accumulated losses	(12)	(12)
Share premium arising from the acquisitions	-	4,706
	<u>(12)</u>	<u>4,694</u>

15. LONG TERM BORROWINGS

	Proforma Group RM'000
Term loans, secured	1,326
Due within 12 months (Note 9)	<u>(253)</u>
Due after 12 months	1,073
Hire purchase payables due after 12 months (Note 10)	<u>31</u>
	<u>1,104</u>
Maturity of borrowings :	
Within one year	253
Between one and two years	315
Between two and five years	536
After five years	<u>222</u>
	<u>1,326</u>

The above term loans are secured by way of legal charges over land and buildings of certain subsidiaries. The term loans bear interests of between 5.75% to 8.80% per annum.

12. ACCOUNTANTS' REPORT (Cont'd)**16. DEFERRED TAXATION**

The deferred taxation provided in the financial statements is in respect of timing differences between depreciation and corresponding capital allowances.

17. SIGNIFICANT RELATED PARTY TRANSACTIONS

The directors are of the opinion that the following transactions have been entered into in the normal course of business and have been established on negotiated basis.

	Proforma Group RM'000
Sales to SPI*	1,654
Purchases from SPI*	1,553
Rental income from SPI*	<u>96</u>

- * A company in which a director, Dato' Gan Kim Huat has indirect interest through its holding company, South Peninsular Industries Berhad ("SPIB"). Subsequent to the financial period, Dato' Gan Kim Huat disposed off his shares in SPIB and resigned from the Board of Directors of SPI and SPIB.

12. ACCOUNTANTS' REPORT (Cont'd)**H. PROFORMA CONSOLIDATED CASH FLOW STATEMENT**

Based on the latest audited financial statements of the Company and its subsidiaries as at 31 July 2002, the proforma consolidated cash flow statement for the four months period ended 31 July 2002 are as follows:

	1 April 2002 to 31 July 2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	4,515
Adjustments for:	
Depreciation	1,267
Gain on disposal of property, plant and equipment	20
Interest expense	69
Interest income	(137)
Operating profit before working capital changes	5,734
Increase in inventories	(11)
Increase in receivables	(4,995)
Increase in payables	3,489
Cash generated from operations	4,217
Interest paid	(69)
Taxes paid	(937)
Net cash generated from operating activities	3,211
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(1,307)
Proceeds from disposal of property, plant and equipment	2
Purchase of other investments	(1,000)
Interest received	137
Net cash used in investing activities	(2,168)
CASH FLOWS FROM FINANCING ACTIVITY	
Repayment of hire purchase financing	(119)
Repayment of term loans	(84)
Net cash used in investing activities	(203)

12. ACCOUNTANTS' REPORT (Cont'd)

	1 April 2002 to 31 July 2002 RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	840
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	17,124
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>17,964</u>

Cash and cash equivalents comprise:

Cash and bank balances	17,994
Bank overdraft	(30)
	<u>17,964</u>

I. PROFORMA NET TANGIBLE ASSETS COVER

Based on the statement of assets and liabilities of the Proforma Group as at 31 July 2002, the NTA per ordinary share after incorporating the adjustments for public issue and estimated cost of flotation will be as follows:

(i) Net Tangible Assets

	RM'000
NTA of the Group as at 31 July 2002	59,969
Proceeds from public issue	10,800
	<u>70,769</u>
Less : Estimated cost of flotation	(2,000)
Proforma NTA	<u>68,769</u>

(ii) Share Capital

	Number of ordinary shares of RM1.00 each '000
As at 31 July 2002	*
Add: Issued as consideration for the acquisition of SKP, GHL, GHI	40,800
Add : Public issue	7,200
Enlarged issued and paid-up share capital	<u>48,000</u>

Proforma NTA per ordinary share of RM1.00 each before public issue

RM1.47

Proforma NTA per ordinary share of RM1.00 each after public issue

RM1.43

* This represents RM2

12. ACCOUNTANTS' REPORT (Cont'd)



J. EVENTS SUBSEQUENT TO BALANCE SHEET DATE 31 JULY 2002

Subsequent to the balance sheet date, the following events had eventuated :

- (a) The authorised share capital of the Company was increased from RM100,000 to RM100,000,000 by creation of additional 99,900,000 new shares of RM1 each; and
- (b) The issued and paid up ordinary share capital of RM1 each was also increased from RM2 to RM40,800,000 by an issuance of 40,799,998 new ordinary shares of RM1 each at an issue price of approximately RM1.12 per share pursuant to the acquisitions of SKP, GHL, GHI.

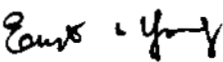
The newly issued shares rank pari passu in all respects with the existing issued shares.

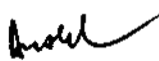
Other than the above, we are not aware of any subsequent event which would require any amounts stated to be adjusted or any further disclosure that is required to be made in this report.

K. AUDITED FINANCIAL STATEMENTS

No audited financial statements have been prepared in respect of any period subsequent to 31 July 2002.

Yours faithfully,


ERNST & YOUNG
No. AF 0039
Chartered Accountants


LEE AH TOO
No. 2187/09/03(J)
Partner of the Firm