

## 5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT

The Group is led by committed Promoters, Directors and key management with extensive experience in the automation industry.

### 5.1 Promoters

The promoters of PMCB and their respective shareholdings in PMCB are set out as follows:

Name	Designation	Nationality	No. of Shares Held After The Offer			
			Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Chuah Choon Bin	Chief Executive Officer	Malaysian	20,378,000	25.47	-	-
Tan Boon Teik	Deputy Chief Executive Officer	Malaysian	20,378,000	25.47	-	-

### 5.2 Substantial Shareholders

The substantial shareholders (with 5% or more shareholding, directly and indirectly) of PMCB after the Offer for Sale are Chuah Choon Bin, Tan Boon Teik and PNS.

Substantial Shareholder	Nationality	No. of Shares Held After The Offer			
		Direct		Indirect	
		No. of Shares	%	No. of Shares	%
Chuah Choon Bin	Malaysian	* 20,378,000	25.47	-	-
Tan Boon Teik	Malaysian	* 20,378,000	25.47	-	-
PNS (Zainal Abidin Bin Abas and Abdul Razak Bin Mohd Tahir) <sup>@</sup>	Malaysian	18,907,438	23.63	-	-
Ministry of Finance Incorporated <sup>#</sup>	Company	-	-	18,907,438	23.63

\* Including 80,000 Shares each pursuant to their respective entitlements in the allocation of Offer for Sale Shares to eligible Directors, employees and business associates of PMCB Group.

# Deemed interested as the holding company of PNS.

<sup>@</sup> Pursuant to a Call and Put Option Agreement ("Option Agreement") made the 24<sup>th</sup> day of August 2001 between PNS, Zainal Abidin Bin Abas and Abdul Razak Bin Mohd Tahir ("the Proponents") and the Promoters, PNS granted the Proponents a call option in respect of 75% of the Option Shares and the Proponents granted PNS a put option in respect of the Put Option Shares. The call option is exercisable for a period of two(2) years from the date of the Option Agreement and may be extended for another year by the parties thereto in writing ("Call Option Period"). The put option is exercisable as follows:

- upon expiry of the Call Option Period and shall continue for a period of six(6) months commencing on such date of expiry of the Call Option Period;
- immediately upon listing of PMCB;
- immediately upon any breach by any of the Proponent of any of his obligation under the subscription agreement made the 24<sup>th</sup> day of August 2001 between PTSB, PESB, PNS, the Proponents and the Promoters.

And in any or all events under paragraphs (b) and (c) above, to continue for a period of six(6) months from the commencement and/or the expiry of six(6) months from the date of the expiry of the Call Option Period, whichever is the later. Upon the exercise of the call option by the Proponents or the put option by PNS pursuant to the Option Agreement, the Proponents may become substantial shareholders of PMCB holding up to 18,907,438 Shares depending upon the amount of shares exercised under the call option or put option.

PNS via its letter dated 3 December 2002, approved the call option to be redeemed solely by Zainal Abidin Bin Abas. Twenty five(25) percent of the Option Shares are to be redeemed prior to listing and the remaining seventy five(75) percent of the Option Shares are to be redeemed within six(6) months after listing.

## 5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

In respect of the substantial individual shareholders named above, none of the substantial shareholder, has any directorship and/or substantial shareholding (5% or more of the issued and paid-up share capital) in other public corporations for the past two (2) years prior to the date of this Prospectus.

The shareholdings of PNS in the other public corporation for past two(2) years are as follows:-

Name of Company	No. of Shares Held			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Iris Corporation Berhad	52,937,933	6.35	-	-
Yong Tai Berhad	2,245,000	5.63	-	-
Century Logistic Holdings Berhad	-	-	3,972,800	8.94
Lankhorst Berhad	10,112,000	25.28	-	-
SMPC Metal Industries Bhd	13,381,500	24.49	-	-
Supercomal Technology Berhad	5,160,000	25.48	-	-
Tomisho Holdings Berhad	7,800,000	19.43	-	-
Three A Resources Berhad	23,000,000	16.43	-	-
Seacera Tiles Berhad	2,000,000	5	-	-
Pernas International Holdings Berhad	199,301,616	31.99	-	-
Ingress Corporation Berhad	2,988,000	4.67	-	-

### 5.3 Changes in Shareholdings of Promoters/ Substantial Shareholders

Save as disclosed in Section 4.3 of this Prospectus, there are no changes to the Promoters/substantial shareholders of PMCB since its date of incorporation.

### 5.4 Board of Directors

#### (i) Directors Shareholdings

The Directors' shareholdings in the Company before and after the Offer are as follows:-

Directors	Designation	Nationality	Before The Offer for Sale				After The Offer for Sale <sup>^</sup>			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mustaffa Kamil Bin Md. Ismail	Non-Executive Chairman	Malaysian	-	-	-	-	-	-	-	-
Chuah Choon Bin	Chief Executive Officer	Malaysian	24,000,000	30.00	-	-	20,378,000	25.47	-	-
Tan Boon Teik	Deputy Chief Executive Officer	Malaysian	24,000,000	30.00	-	-	20,378,000	25.47	-	-
Zainal Abidin Bin Abas	Executive Director	Malaysian	-	-	-	-	60,000	0.07	-	-
Abdul Razak Bin Mohd Tahir	Executive Director	Malaysian	-	-	-	-	60,000	0.07	-	-
Loh Nam Hooi	Independent Non-Executive Director	Malaysian	-	-	-	-	60,000	0.07	-	-
Ooi Hun Pin	Independent Non-Executive Director	Malaysian	-	-	-	-	60,000	0.07	-	-

<sup>^</sup> Based on their respective entitlement pursuant to the allocation of Offer for Sale Shares to eligible Directors, employees and business associates of PMCB Group.

## 5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

Save as disclosed below, none of the Director has any directorship and/or substantial shareholding (5% or more of the issued and paid-up share capital) in other public companies for the past two(2) years preceding the date of this Prospectus: -

Name of Director	Name of Company	Designation	Date Appointed/ Resignation	No. of Ordinary Shares Of RM1.00 Each	
				Direct	Indirect
Mustaffa Kamil Bin Md. Ismail	SMPC Metal Industries Bhd	Non-Executive Director	14 December 2000/ 13 September 2002	-	-
	Tomisho Holdings Berhad	Non-Executive Director	13 June 2002/ 16 June 2003	-	-
	Pemas International Holdings Berhad	Non- Independent Non-Executive Director	2 October 2002/ 20 January 2003	-	-
Ooi Hun Pin	Fourseason (Malaysia) Berhad	Independent Non-Executive Director	12 March 2002	-	-

### (ii) Profiles

**Mustaffa Kamil Bin Md. Ismail**, aged 58 – Non-Executive Chairman of PMCB, was appointed to the Board of PMCB on 30 November 2002. He graduated from the University of Malaya with Bachelor of Arts (Honours) in 1968 and a Diploma in Public Administration in 1972. He has attended management courses at the University of Manchester, Harvard Institute of International Development and Executive Leadership program at Harvard in 1982 and 1996 respectively. He was appointed as the Director of PNS on 1 February 1998. Prior to his appointment in PNS, he has served in the Malaysian Civil Service in August 1968, Land Office, Ministry of Public Enterprise, State of Sabah and a central agency. He was the Senior General Manager of UDA Holdings Bhd (“UDA”), a public listed company he joined since 1978. In his 20 years with UDA, he was involved in the corporate planning, property development, property management, construction, development of shopping complex and leisure industry.

**Chuah Choon Bin**, aged 42 – Chief Executive Officer of PMCB, was appointed to the Board of PMCB on 30 November 2002. He also holds directorships in all the subsidiary companies of PMCB. He is a professional engineer. He holds a Bachelor degree (Hons) and a Master degree majoring in Electronics and Electrical from University of Auckland, New Zealand. Prior to the setting up of PMCB Group, he served as an Automation Engineer for National Semiconductor and Intel Technology Malaysia. With his vast experience in the design and manufacturing of automation equipment and vision inspection system, he has developed the Group to its present level of success, from a simple automation house to a high technology company specialising in automation with robotic, sophisticated software control and auto vision inspection system. His vision and emphasis in R&D for new products has enabled PMCB Group to achieve its current status in the market. In 2003, he was the award winner of Ernst & Young Emerging Entrepreneur (Malaysia) Year 2002 Award.

**Tan Boon Teik**, aged 39 – Deputy Chief Executive Officer of PMCB, was appointed to the Board of PMCB on 30 November 2002. He also holds directorships in all the subsidiary companies of PMCB. He is an engineer by profession with Master in Business Administration from Southern Pacific University, USA. He has many years of working experience in Intel Technology Malaysia and specialises in controls of automation. With his technical skills, he has developed PMCB Group into an automation group with up-to-date technology. He has also built a strong team of in-house technical support personnel to enable the Group to compete competitively.

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**5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)**

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**Zainal Abidin Bin Abas**, aged 40 – Executive Director of PMCB, was appointed to the Board of PMCB on 30 November 2002. He also holds directorships in PTSB and PESB, the subsidiary companies of PMCB. He is a qualified accountant by profession with a Bachelor degree in Accountancy and Master of Business Administration from Northern Illinois University in USA. He is a member of the American Institute of Certified Accountants, Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. Prior to joining PMCB, he served as a Director of Research and Planning in an investment holding company in Malaysia and was responsible for business development, investment and planning activities before being promoted to Chief Executive Officer of a property development arm of the investment holding company.

**Abdul Razak Bin Mohd Tahir**, aged 39 – Executive Director of PMCB, was appointed to the Board of PMCB on 30 November 2002. He also holds directorships in PTSB and PESB, subsidiary companies of PMCB. He obtained his Bachelor of Science, Finance and Masters in Business Administration from St. Cloud State University, St. Cloud, Minnesota, USA. Prior to joining PMCB, he served as an Executive Director in Ayam Taiping Suppliers Sdn Bhd. He has considerable years of experience in the banking industry from his various managerial positions he undertook from 1993 to 2000.

**Loh Nam Hooi**, aged 42 – Non-Executive Director of PMCB, was appointed to the Board of PMCB on 30 November 2002. He holds a Bachelor of Commerce (Honour) degree from Carleton University, Ottawa, Canada. Upon his graduation in 1984, he joined a property development company as a Manager until todate. He was a board member of the Penang Water Authority from 1997 to 1999. In 1996, he was appointed as a Director in Kwong Wah Yit Poh Press Bhd. He also sits on the board of several private companies.

**Ooi Hun Pin**, aged 39 – Non-Executive Director of PMCB, was appointed to the Board of PMCB on 30 November 2002. He obtained his professional qualification from the Malaysian Institute of Certified Public Accountants in 1987 and was subsequently admitted to Malaysian Institute of Accountants. He also obtained his Master in Business Administration in 2002. He started his career in early 1983 as an audit trainee in Arthur Young and subsequently joined Price Waterhouse as audit assistant from 1983 to early 1988. He was then with Datuk Keramat Holdings Berhad as Accountant after leaving Price Waterhouse. In late 1988, he assumed the responsibility of Assistant Audit Executive in Universal Furniture Limited and left the company in 1990. He joined CIMB Securities Sdn Bhd from 1990 to mid 1992 as Assistant Finance Manager. Thereafter, he was with SJ Securities Sdn Bhd as Finance Manager. He then left SJ Securities as General Manager in 1996 and join Arab-Malaysian Securities Sdn Bhd as Remisier until 1998. From 1998 to 2001, he was the Director of Finance of Enrich Resowella (M) Sdn Bhd. Since then, he joined Avenue Assets Securities Sdn Bhd (formerly known as Allied Avenue Assets Securities Sdn Bhd) as Deputy Chief Executive Officer. He is the Independent Non-Executive Director of Fourseason (Malaysia) Berhad and also sits on the board of several private companies.

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**5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)**

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**(iii) Directors Remuneration and Benefits**

The remuneration and benefit-in-kind paid to the Directors of the Group for services rendered in all capacities to the Company and its subsidiary companies for the financial year ended 31 December 2002 amounted to RM956,040. The proposed directors' remuneration and benefit-in-kind for the financial year ending 31 December 2003 is estimated to be RM1,050,000.

**5.5 Management Team****Profiles**

**Fong Kum Wai**, aged 49 – Director and Operations Manager in PPSB.

He joined PPSB in 2000. Prior to joining PPSB, he was a technical specialist in Mostek (M) Sdn Bhd from 1977 to 1985 after completing his secondary education. In 1996, he worked in an engineering company, K.K.Choong Engineering Sdn Bhd as a supervisor. Subsequently, he left the company in 1995 to assume the position of Director in Faji Innovation. He has more than 20 years of hands on experience, knowledge, skills and technical know-how in the manufacturing operations.

**Lim Soon Hin**, aged 31 – Director and General Manager in PPSB.

He joined PPSB in 2000 and has more than 10 years of working experience in the designing, engineering and fabrication of machine parts, precision tools and dies for automated equipment. Prior to joining PPSB, he was with an engineering company, K.K.Choong Engineering Sdn Bhd upon completion of his secondary education in 1990 and joined Faji Innovation as a partner in 1995.

He is responsible for the management and operation activities including related technical support services and activities.

**Tan Hwa Seng**, aged 31 – Mechanical Department Manager in PTSB.

He obtained a Diploma in Electro-Mechanical from Polimas, in Jitra. He joined PTSB as a Mechanical Design Engineer in 1995 and was subsequently promoted to Manager in 1997.

His main task as the Manager of the Mechanical Department is to lead and train a team of engineers to perform mechanical designing of the machines. He is also responsible for the machine testing, assembly and quality control. Under his supervision, his Production and Design teams have been meeting schedules and deadlines with no compromise on quality and customers' satisfaction. He also represents PTSB in dealing with customers and in conducting preliminary discussions on projects.

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**5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)**

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**Ramesh A/L Manogaran**, aged 32 – Automation Department Manager in PTSB.

He holds a Higher Diploma in Information Technology from Kolej Damansara Utama in Penang. He has been involved in the design and manufacturing of automation systems for the semiconductor industries since his graduation in 1993. He joined Penta Electronics as a Junior Programmer in 1993 and subsequently worked in Pentatronics Technology (M) Sdn Bhd as a Programmer. In 1995, he joined PTSB as an Automation Manager.

Ramesh is responsible to ensure that the projects meet the schedules with no compromise on quality and customers' satisfaction. His mission is to lead and train staff in designing and creating new concepts for Logic/Motion Control Programming. He also trains the staff to develop total system design and concept including the implementation based on available system capacity.

**Hon Tuck Weng**, aged 32 –Vision Department Manager in PTSB.

He obtained a Higher Diploma in Computer Studies from Kolej Damansara Utama in Penang. In 1994 he started as a Software Programmer in Pentatronics Technology (M) Sdn Bhd and subsequently joined PTSB in the same year. He was promoted to Manager of the Vision Department in 1998.

He is responsible for troubleshooting of the software program to ensure the projects are delivered according to schedules. He also designs vision software modules for project implementation. All the Service Technicians, Programmers, Software Engineers, Section Managers and Assistant Managers report to him. With his effective managing skills, his teams have been meeting the project deadlines with no compromise on customer satisfaction.

**Kumar A/L Ramasamy**, aged 32 – ICT Department Manager in PESB.

He obtained his Higher Diploma in Computer Studies from Kolej Damansara Utama in Penang. He has more than 8 years of experience in the IT industry. He joined Pentatronics Technology (M) Sdn Bhd as a Vision Engineer in 1995 and subsequently joined PTSB in the same year. He was promoted to Section Manager of the Vision Department in 1997 and to R&D Manager in 1998 where he was responsible for vision R&D, customer requirement analysis, equipment documentation and internal IT and development. Subsequently in 2000, he was seconded to PESB as ICT Department Manager.

His main task is to manage IT related matters for organisation wide implementation. He also provides training such as designing telephony and internet topology, network cabling and server and storage system monitoring to his teams.

**Yeoh Theam Seng**, aged 37 – Group Finance Manager.

He joined the Group in 2001. He started his career at Coopers & Lybrand, Penang in 1986 as an articled student before venturing into the private sector in 1991. Since then, he has gained extensive and varied experience in the areas of financial management, corporate investment and analysis, and internal auditing and investigations with large public listed corporations such as Malaysian Tobacco Company Berhad, Ban Hin Lee Bank Berhad and Leader Universal Holdings Berhad. Prior to joining the Group, he was the Group Finance Manager of Rhythm Consolidated Berhad in 1996. He is a Certified Public Accountant, a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and the Malaysian Institute of Taxation.

## 5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

**Teh Eng Chuan**, aged 29 – Customer Service Department Manager in PTSB.

He obtained his Higher Diploma in Computer Science from Kolej Damansara Utama in Penang. Since graduation in 1996, he has served PTSB as an Electrical Technician and was promoted to Vision Assistant Manager in 1998. He was promoted to his current position in 2002.

His current responsibilities are to co-ordinate all projects and services related to the Vision Department. He is also involved in the evaluation of new projects.

**Ho Liang Heng**, aged 29 – Quality Assurance Department Manager in PTSB.

He graduated with a Diploma in Manufacturing Technology from Polimas in Jitra. He joined PTSB as a Technician in 1997 and progressed to become a Mechanical Engineer in 1999. A year later, he was promoted to Manufacturing & Service Supervisor. Subsequently, he assumed the role of Production Section Manager in 2001 and was recently promoted to Quality Assurance Department Head in November 2002.

He is responsible for leading and managing the entire Quality Assurance team and providing leadership and setting quality standard for PMCB Group through strategic development and implementation of corporate and quality assurance strategies with the view of promoting and ensuring the highest level of product quality and satisfaction to customers.

The key management's shareholdings in the Company after the Offer are as follows:-

	No. of Shares Held After the Offer for Sale			
	Direct		Indirect	
	No.	%	No.	%
<b><i>Key Management</i></b>				
Fong Kum Wai	^66,000	0.08	-	-
Lim Soon Hin	^66,000	0.08	-	-
Tan Hwa Seng	^45,000	0.06	-	-
Ramesh A/L Manogaran	^45,000	0.06	-	-
Hon Tuck Weng	^45,000	0.06	-	-
Kumar A/L Ramasamy	^45,000	0.06	-	-
Yeoh Theam Seng	^45,000	0.06	-	-
Teh Eng Chuan	^45,000	0.06	-	-
Ho Liang Heng	^45,000	0.06	-	-

^ Based on their respective entitlements pursuant to the allocation of Offer for Sale Shares to eligible Directors, employees and business associates of PMCB Group.

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## 5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

### 5.6 Declaration by the Directors and Key Management

None of the Directors and key management team is or was involved in the following events:-

- (a) A petition under any bankruptcy or insolvency law filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key management;
- (b) Conviction in a criminal proceedings or is a named subject of pending criminal proceeding(s); and
- (c) The subject of any order, judgment or ruling or any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

None of the Director and key management has entered or proposed to enter into any service agreement with the Company and/or its subsidiary companies.

Save as disclosed in this Prospectus including the pink form allocation and the ESOS, none of the Director and employee of the Group is involved in any capital scheme of the Group.

### 5.7 Employees

All the employees enjoy a cordial relationship with the management. There has been no industrial dispute in the past between the management and the employees of the Group.

As at 31 May 2003 (being the last practicable date prior to the printing of this Prospectus), PMCB Group employed a total workforce of 214 employees comprising 205 Malaysian and 9 foreign workers. The foreign workers are from China and Japan. Its employees are not part of any union.

The Group's employees can be segregated into six(6) categories as follows:-

Category of Employee	Average Years of Service		Total Number
	More than 5	Less than 5	
Executive Directors	2	2	4
Managerial and professional	10	6	16
Technical and supervisory	15	108	123
Clerical, sales personnel and related occupations (e.g. clerks, typist, stenographers, personal secretaries, etc.)	4	29	33
General workers (e.g. telephone operators, drivers, office boys, watchmen, gardener, etc.)	1	-	1
Factory workers	-	28	28
<b>Sub-Total</b>	<b>32</b>	<b>173</b>	<b>205</b>
Sales representative in China office and Others	-	9	9
<b>TOTAL</b>	<b>32</b>	<b>182</b>	<b>214</b>



## 5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

The Group recognised that its employees play a major role in contributing to the success of the business. The Group is committed to equip its employees with continuous on-the-job training to gain and develop the necessary knowledge and experience related to their respective responsibility. Courses that have been held and attended by the employees were:-

- (i) Technical training conducted by vendors of raw materials and components;
- (ii) Vision product training;
- (iii) IT related training and seminars conducted by Microsoft;
- (iv) Project management programme; and
- (v) HR management and benchmarking programme

### 5.8 Family Relationship

None of the Directors and key management of PMCB Group are related to each other, save for Tan Boon Teik who is the brother-in-law of Chuah Choon Bin.

### 5.9 Audit Committee

PMCB has set up an Audit Committee on 9 January 2003 which comprises the following Board members:-

Name	Designation	Directorship
Ooi Hun Pin	Chairman	Independent Non-Executive Director
Loh Nam Hooi	Member	Independent Non-Executive Director
Mustafa Kamil Bin Md. Ismail	Member	Non-Executive Chairman

The main functions of the Audit Committee include the review of audit plan and audit report with the Auditors, review of Auditors' evaluation of internal accounting controls, review of the scope of internal audit procedures, review of balance sheets and profit and loss accounts and nomination of Auditors.

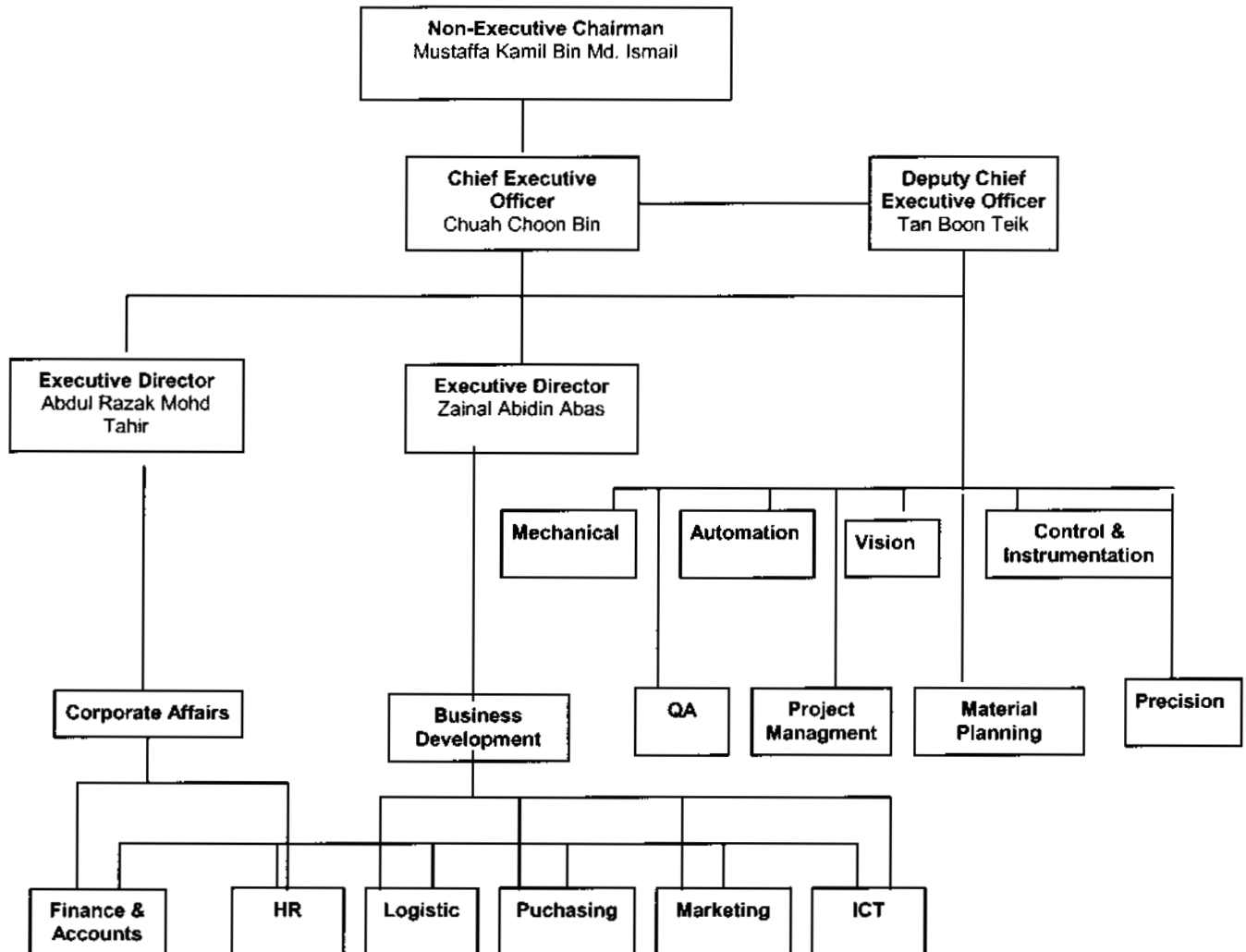
### 5.10 Continuity in Management

As in any other business, the Board of Directors believe that the continued success of PMCB Group will depend on the ability and dedication of its Directors and key management. The loss of any key members of the Group could adversely affect the Group's continued ability to compete. However, the Group has made efforts to train its staff and has the support of long-term management staff. The Group's future success will also depend on its ability to attract and retain skilled personnel.

## 5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

### 5.11 Management Succession Plan

The management team of PMCB Group is structured as follows:-



PCMB Group is founded by Chuah Choon Bin and Tan Boon Teik who sat on the PMCB Board as the Chief Executive Officer and Deputy Chief Executive Officer respectively. Both are engineers by qualification. With their vast experience in the design and manufacturing of automation equipment and vision inspection system, they have developed PMCB Group to its present level of success, from a simple automation house to a high technology Group which specialises in semiconductor standard equipment, material handling system, vision software system and software automation system. Their visions and emphasis on R&D for new products has enabled PMCB Group to achieve its status in the market.

The rest of the Board of Directors of PMCB and the key management of PMCB Group comprise competent professionals and qualified personnel who possess relevant qualifications and experience who are employed to head the various business divisions and units. As at 31 May 2003 (being the latest practicable date prior to the printing of this Prospectus), there are ninety(90) qualified engineers in PMCB Group to carry out the operations. The management understands the importance of a well-structured key management team to reflect the corporate entity of PMCB Group and to ensure smooth running of its business operations. With laid down procedures put in place within an operating system, the business decisions of PMCB Group are implemented efficiently and effectively.

**5. PROMOTERS/ SUBSTANTIAL SHAREHOLDERS/ DIRECTORS/ KEY MANAGEMENT  
(Cont'd)**

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In the absence of the Directors, PMCB Group is confident that active participation by external professionals in the financial and operational decisions of PMCB Group will ensure smooth running of the Group's operations and management continuity. The success of PMCB Group continues to inspire these professionals to excel in their areas of responsibilities. This forward looking management approach will enable PMCB Group to ensure their management succession in the future to be smooth and non-disruptive.

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**6. LANDED PROPERTIES OF PMCB GROUP**

The landed properties owned by PMCB Group are set out below:-

No.	Registered Owner/ Location	Land Area (Acres)	Description and Existing Use	Built-up area (Sq Ft)	Tenure From/ To	Approximate Age of Building	Net Book Value as at 31.12.2002 (RM)
	<b>PESB</b>						
i)	Plot No. K210 HS(D) 10187, Mk 12 No. PT4935 SWD Penang	0.37	Industrial lot/ factory building and office building	8,750	7.1.1999/ 6.1.2058	4 years	1,026,667
	<b>PTSB</b>						
ii)	Plot No. K211 HS(D) 10187, Mk 12 No. PT4936 SWD Penang	0.38	Industrial lot/ factory building and office building	8,750	7.1.1999/ 6.1.2058	4 years	2,511,669
iii)	Plot 18 & 19 Bayan Lepas Technoplex	4.03	Industrial lot/ factory building and office building	96,000	60 years lease	<1 year	17,276,026
	<b>TOTAL</b>	<b>4.78</b>		<b>113,500</b>			<b>20,814,362</b>

## 7. FINANCIAL INFORMATION

### 7.1 Proforma Consolidated Profit and Dividend Record

A summary of the proforma consolidated results of PMCB Group for the past five(5) financial years ended 31 December 1998 to 2002 has been prepared for illustrative purposes only based on the audited financial statements of PMCB, PTSB, PESB and PPSB on the assumption that the current structure of the Group has been in existence throughout the period under review, and after making such adjustments considered necessary:-

	Note	Financial Year Ended 31 December				
		1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
Revenue	(iv)	9,309	18,057	40,820	47,676	54,146
Profit before interest, depreciation and taxation		633	3,029	10,152	14,041	14,921
Interest expense		(22)	(60)	(144)	(268)	(195)
Interest income		-	-	-	32	55
Depreciation		(115)	(296)	(654)	(810)	(1,346)
PBT	(v)	496	2,673	9,354	12,995	13,435
Taxation		(173)	(83)	(1,087)	(1,785)	(838)
PAT		323	2,590	8,267	11,210	12,597
Proforma no. of Shares in issue ('000)	(x)	80,000	80,000	80,000	80,000	80,000
EPS (sen)						
- Gross	(xi)	0.62	3.34	11.69	16.24	16.79
- Net	(xii)	0.40	3.24	10.33	14.01	15.75
Effective tax rate (%)	(viii)	35	3	12	14	6
Gross dividend rate (%)		-	-	-	-	-

Notes: -

- i) *The proforma consolidated income statements are prepared for illustrative purposes only and are based on the audited financial statements of PMCB, PTSB, PESB and PPSB and on the assumption that the Group had existed throughout the years under review. The Group came into existence on 30 November 2002 and under the circumstances the audited consolidated income statement of PMCB to 31 December 2002 will not provide a meaningful comparison if used.*
- ii) *There were no minority interests in all the years under review.*
- iii) *The results of PPSB for the period from 14 November 2000 (date of incorporation) to 31 December 2001 have been reflected entirely in the year ended 31 December 2001 as the results for the period from 14 November 2000 to 31 December 2000 were not significant.*
- iv) *The increase in revenue for 1999 and 2000 was due to the higher demand from existing customers for locally designed and assembled automated machines in the semiconductor and computer industries and diversification of PTSB's product range. The growth in revenue for 2001 was due to higher demand for the supply and installation of intelligent conveyor system from a major customer of PESB as a result of an expansion of the said customer's manufacturing operations. The increase in revenue for 2002 was mainly due to the continued expansion of the customer base.*
- v) *The PBT over the last five years generally increased with the growth in revenue.*

## 7. FINANCIAL INFORMATION (Cont'd)

- vi) *The Group is exposed to currency risk mainly due to its export sales and imported purchases. Since 1 September 1998, the USD is pegged by the Malaysian authorities to RM at USD1.00 to RM3.80 to provide a stable rate of exchange.*
- vii) *The Group's bank borrowings are subject to interest based on floating rates while hire-purchase financing and interest bearing deposits are based on fixed rates. Market interest rates movements are monitored with a view to ensuring that the most competitive rates are secured and where appropriate borrowings arrangements and interest bearing instruments are restructured or reduced.*
- viii) *The effective rate of taxation was higher than the statutory tax rate for the year ended 31 December 1998 principally due to certain expenses not being deductible for tax purposes. No current Malaysian taxation was provided on the profit for the year ended 31 December 1999 in view of the tax waiver on business income earned during that year. The taxation amount for the year ended 31 December 1999 represented the provision for deferred taxation of PTSB. The effective rate of taxation for the proforma group was lower than the statutory tax rate for the years ended 31 December 2000, 2001 and 2002 principally due to claims for reinvestment allowance by PTSB and the pioneer status granted by the MITI under the Promotion of Investments Act, 1986 which exempts 70% of the statutory income of PESB and PPSB from Malaysian taxation for a period of five years.*
- There were no material over or underprovision for taxation during the years under review.*
- ix) *There were no exceptional or extraordinary items during the years under review.*
- x) *The proforma number of shares in issue represents the enlarged number of issued and paid-up share capital of PMCB based on the assumption that the Acquisitions and Rights Issue and the sub-division of every one (1) ordinary share of PMCB of RM1.00 each into two (2) ordinary shares of RM0.50 each had been effected on 1 January 1998.*
- xi) *The gross EPS is calculated based on the PBT and on the proforma number of Shares in issue.*
- xii) *The net EPS is calculated based on the PAT and on the proforma number of Shares in issue.*
- xiii) *All inter-company transactions are eliminated on consolidation and the consolidated results reflect external transactions only.*

### 7.2 Analysis of Revenue, Profits and Accounts Receivables

#### 7.2.1 Analysis of Turnover by Products /Services

	<----- Financial Year Ended 31 December ----->				
	1998	1999	2000	2001	2002
	RM'000	RM'000	RM'000	RM'000	RM'000
Vision and test handlers	5,634	9,468	18,951	13,388	28,609
Conveyor systems	1,618	5,550	19,240	29,847	21,893
Other machine handlers, parts and support services	2,057	3,039	2,629	4,441	3,644
	9,309	18,057	40,820	47,676	54,146

**7. FINANCIAL INFORMATION (Cont'd)****7.2.2 Analysis of Gross Profit by Products/Services**

	<----- Financial Year Ended 31 December ----->				
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
Vision and test handlers	1,350	3,644	7,075	4,488	10,487
Conveyor systems	96	341	4,030	10,225	7,629
Other machine handlers, parts and support services	921	1,799	1,241	2,722	2,197
	<u>2,367</u>	<u>5,784</u>	<u>12,346</u>	<u>17,435</u>	<u>20,313</u>

**7.2.3 Analysis of Turnover by Subsidiary Companies**

	<----- Financial Year Ended 31 December ----->				
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
PTSB	9,309	18,057	21,358	12,408	18,038
PESB	-	-	19,462	35,268	36,108
PPSB	-	-	-	*	*
	<u>9,309</u>	<u>18,057</u>	<u>40,820</u>	<u>47,676</u>	<u>54,146</u>

\* The sales of PPSB amounting to RM1.34 million and RM3.42 million for the financial years ended 31 December 2001 and 31 December 2002 were made entirely to PTSB and PESB and have been eliminated on consolidation.

**7.2.4 Analysis of Turnover by Geographical location**

	<----- Financial Year Ended 31 December ----->				
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
Malaysia	9,049	16,033	28,316	44,753	24,017
Asia	260	2,024	12,504	2,219	22,820
Europe	-	-	-	242	6,746
USA	-	-	-	462	563
	<u>9,309</u>	<u>18,057</u>	<u>40,820</u>	<u>47,676</u>	<u>54,146</u>
Total local Sales	97.21%	88.79%	69.37%	93.87%	44.36%
Total export Sales	2.79%	11.21%	30.63%	6.13%	55.64%

**7.2.5 Analysis of PBT by Subsidiary Companies**

	<----- Financial Year Ended 31 December ----->				
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
PTSB	496	2,693	2,569	2,430	3,297
PESB	-	(20)	6,785	10,191	9,539
PPSB	-	-	-	374	596
	<u>496</u>	<u>2,673</u>	<u>9,354</u>	<u>12,995</u>	<u>13,432</u>

**7. FINANCIAL INFORMATION (Cont'd)****7.2.6 Analysis of Accounts Receivables**

## (a) Summary of Accounts Receivables for the Past 5 Years

	←-----Financial Year Ended 31 December----->				
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
Trade Receivables	1,725	3,982	9,320	11,514	20,968
Less : Allowances for doubtful debts	-	-	-	-	-
	1,725	3,982	9,320	11,514	20,968

## (b) Ageing Analysis of Accounts Receivables

	As At Financial Year Ended 31 December 2002					
	Within Credit Period	Exceeding Credit Period			Total Exceeding Credit Period	Total Receivable
	0 – 120 Days RM'000	121 – 240 Days RM'000	241-360 Days RM'000	> 360 Days RM'000	> 120 Days (Aging Bands) RM'000	RM'000
Trade Receivables	15,140	3,796	1,373	659	5,828	20,968
% of Total Receivables	72.21%	18.10%	6.55%	3.14%	27.79%	100.00%

Based on the above table, the total trade receivables exceeding credit period as at 31 December 2002 is approximately RM5.83 million representing 27.79% of the total trade receivables of RM20.97 million.

As at 21 May 2003, RM1.95 million has been collected representing approximately 33.48% of the total trade receivables exceeding credit period of RM5.83 million. Overall, a total of RM9.90 million has been collected representing approximately 47.23% of the total trade receivable of RM20.97 million. The Directors are confident that the remaining outstanding balances are recoverable as there are continuing business relationship with the customers.

**7.3 Directors' Declaration on Financial Performance**

As at 31 May 2003 (being the latest practicable date prior to the printing of this Prospectus), the financial conditions and operations of PMCB Group are not affected by any of the following:

- i) Known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of PMCB Group;
- ii) Material commitment for capital expenditure;
- iii) Unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of PMCB Group; and
- iv) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.



**7. FINANCIAL INFORMATION (Cont'd)****7.4 Working Capital, Borrowings, Contingent Liabilities and Capital Commitments**

- **Working Capital**

The Directors of PMCB are of the opinion that, barring any unforeseen circumstances and after taking into account the cashflow forecast and banking facilities available, the Group will have adequate working capital for its present and foreseeable future requirements.

- **Borrowings**

As at 31 May 2003 (being the latest practicable date prior to the printing of this Prospectus), the Group's total interest bearing bank borrowings comprising hire-purchase, overdrafts and bankers acceptance are as follows:-

<b>Borrowings</b>	<b>Amount (RM '000)</b>	<b>Amount (RM '000)</b>
Long Term borrowings		
• Interest bearing	267	
• Non-interest bearing	-	
	267	267
Short Term borrowings		
• Interest bearing	4,954	
• Non-interest bearing	-	
	4,954	4,954
<b>Total Borrowings</b>		<b>5,221</b>

- **Contingent Liabilities and Capital Commitments**

As at 31 May 2003 (being the latest practicable date prior to the printing of this Prospectus), the Group does not have any contingent liability or capital commitment.

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**7. FINANCIAL INFORMATION (Cont'd)**

**7.5 Reporting Accountants Letter on the Consolidated Profit Forecast**  
(Prepared for inclusion in this Prospectus)

**Folks DFK & Co**  
(No. AF 0502)



Chartered Accountants

Date: 18 June 2003

The Board of Directors  
**PENTAMASTER CORPORATION BERHAD**  
14A, Jalan Todak 3 , Pusat Bandar  
Bandar Seberang Jaya  
13700 Seberang Jaya, Prai  
Pulau Pinang

Dear Sirs

**REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2003**

We have reviewed the accounting policies and calculations for the consolidated profit forecast after taxation for the financial year ending 31 December 2003 of PENTAMASTER CORPORATION BERHAD and its subsidiary companies ("the Group") for which the Directors are solely responsible, as set out in the prospectus to be dated 24 June 2003 in connection with the Offer for Sale of 12,340,000 ordinary shares of RM0.50 each at a price of RM1.40 per ordinary share and the listing and quotation of the entire issued and paid up share capital of 80,000,000 ordinary shares of RM0.50 each of PENTAMASTER CORPORATION BERHAD on the Second Board of the Kuala Lumpur Stock Exchange (KLSE).

In our opinion, the consolidated profit forecast, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors as set out in the prospectus, and has been presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully

A stylized, handwritten signature in black ink, appearing to read "Folks DFK &amp; Co".

**FOLKS DFK & CO**  
Firm No: AF0502  
Chartered Accountants

A stylized, handwritten signature in black ink, appearing to read "OOI CHEE KUN".

**OOI CHEE KUN**  
No: 996/03/04(J/PH)  
Partner

**7. FINANCIAL INFORMATION (Cont'd)**

**7.6 Consolidated Profit Forecast and Assumptions**  
(Prepared for inclusion in the Prospectus)

**PENTAMASTER CORPORATION BERHAD**  
**(572307 - U)**  
(Incorporated in Malaysia)

**CONSOLIDATED PROFIT FORECAST OF**  
**PENTAMASTER CORPORATION BERHAD**  
**FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2003**  
**AND PRINCIPAL BASES AND ASSUMPTIONS THERETO**

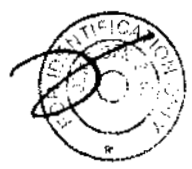
The Directors of PENTAMASTER CORPORATION BERHAD ("PMCB"), report that barring unforeseen circumstances, the consolidated profit forecast before taxation and consolidated profit after taxation of the company and its subsidiary companies ("the Group") for the financial year ending 31 December 2003 will be as follows: -

**FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2003**

	<b>RM'000</b>
Revenue	<u>53,778</u>
Consolidated profit before taxation	14,640
Less: Taxation	<u>(1,379)</u>
Consolidated profit after taxation	<u>13,261</u>
Number of ordinary shares in issue ('000)	80,000
Gross EPS (sen)	18.30
Net EPS (sen)	16.58
Gross price-earnings multiple based on offer price of RM1.40 per share (times)	7.65
Net price-earnings multiple based on offer price of RM1.40 per share (times)	8.45

**Note**

*There are no dilutive potential ordinary shares in issue and hence no dilutive earnings per share is presented.*



**7. FINANCIAL INFORMATION (Cont'd)**

The principal bases and assumptions upon which the consolidated profit forecast has been made are set out below:-

- (i) There will be no material changes in the principal activities and structure of the Group;
- (ii) There will be no material changes in the accounting, management and trading policies currently adopted;
- (iii) There will be no significant changes in the prevailing Malaysian and world economic and political conditions that may directly or indirectly have adverse effect on the Group's performance;
- (iv) There will be no significant changes in the present legislations or government regulations, rates and bases of duties, levies and taxes affecting the Group's activities or the markets in which it operates;
- (v) There will be no major breakdowns or disruptions to the manufacturing facilities, arising from machine failures, industrial disputes, economic, political and technology changes and any abnormal circumstances which will adversely affect the operations of the Group or the markets in which it operates;
- (vi) Inflation rates and exchanges rates of foreign currencies will not change materially from their present levels;
- (vii) There will be no material changes in salaries, cost of raw material and other costs;
- (viii) The current trend of availability of raw material and components for the manufacturing of the Group's product will be maintained;
- (ix) The Group will continue to maintain the current profit margins on its products;
- (x) There will be no major changes in the existing key personnel and management;
- (xi) Financing facilities will remain available at current rates of interest;
- (xii) There will be no material acquisition or disposal of property, plant and equipment other than those planned;
- (xiii) Taxation rate will remain at current level and will not vary significantly during the year under review; and
- (xiv) The forecast results are prepared on bases and accounting principles consistent with those previously adopted in the preparation of the audited financial statements.
- (xv) There will be no issue of options over shares by the Company pursuant to the employees' share option scheme approved by the shareholders on 15 April 2003 and which scheme has yet to be implemented.



## 7. FINANCIAL INFORMATION (Cont'd)

### 7.7 Directors' Commentary on Achievability of Profit Forecast and Collectability of Accounts Receivables

The Board of PMCB confirms that the consolidated profit forecast of PMCB for the financial year ending 31 December 2003 has been prepared on the bases and accounting principles consistent with those previously adopted in the preparation of the audited financial statements. The Board also confirms that the consolidated profit forecast and the principal bases and assumptions stated therein have been reviewed by the Directors after due and careful enquiry, and that the Directors, having taken into account the future prospects of the industry, future plans and strategies to be adopted by the Group and its level of gearing, liquidity and working capital requirements, are of the opinion that the consolidated profit forecast is achievable and the assumptions made are reasonable, barring unforeseen circumstances.

Nevertheless, in the light of the current economic and political environment in Malaysia and globally, certain assumptions, including interest and exchange rates, may differ significantly from the actual should the economic situation differ significantly from the date of this Prospectus and this may have a material impact on the Group's profit forecast.

The Directors of PMCB confirm that they have reviewed the trade receivables of the Group as at 31 December 2002 and in respect of balances of individual trade receivables not settled as at 21 May 2003, necessary actions have been taken to recover these debts and are not aware of any circumstances that would necessitate the writing off of bad debts and allowance for doubtful debts.

### 7.8 Sensitivity Analysis

The analysis below shows only the direct impact on the turnover, PBT, cost of production and operating expenses with the variation of one (1) single factor in isolation without any qualification of measures which the Group will invariably institute to arrest any perceived deviation from the forecast figures to ensure that the forecast turnover, PBT, production cost and operating expenses would be achieved.

The sensitivity analysis is prepared on the assumptions as set out in Section 7.6 above and that all other factors remain unchanged except for the 5% upward or downward variations in the selling price, PBT, production cost and operating expenses.

#### (a) Deviation of 5% in selling prices

Financial Year Ending 31 December 2003	Assumption on Selling Price				
	As Forecasted (RM'000)	Increase By 5% (RM'000)	Percentage Change (RM'000)	Reduce By 5% (RM'000)	Percentage Change (RM'000)
Turnover	53,778	56,467	5.0%	51,089	(5.0%)
Profit before taxation	14,640	17,329	18.4%	11,951	(18.4%)

#### (b) Deviation of 5% in cost of production

Financial Year Ending 31 December 2003	Assumption on Cost of Production				
	As Forecasted (RM'000)	Increase By 5% (RM'000)	Percentage Change (RM'000)	Reduce By 5% (RM'000)	Percentage Change (RM'000)
Cost of Production	33,255	34,918	5.0%	31,592	(5.0%)
Profit before taxation	14,640	12,977	(11.4%)	16,302	11.4%

**7. FINANCIAL INFORMATION (Cont'd)**

(c) Deviation of 5% in operating expenses

Financial Year Ending 31 December 2003	Assumption on Operating Expenses				
	As Forecasted (RM'000)	Increase By 5% (RM'000)	Percentage Change (RM'000)	Reduce By 5% (RM'000)	Percentage Change (RM'000)
Operating expenses	6,175	6,484	5.0%	5,686	(5.0%)
Profit before taxation	14,640	14,331	(2.1%)	14,948	2.1%

**7.9 Dividend Forecast and Policy**

On the basis of the consolidated profit forecast and on the assumption that the present basis for calculating taxation and the taxation rates will remain unchanged, the Directors of PMCB Group anticipate that they will be in a position to propose, based on the enlarged issued share capital of 80,000,000 Shares, a forecast tax exempt dividend of 4 sen per Share for the financial year ending 31 December 2003.

It will be the policy of the Board of Directors of PMCB to recommend dividends to allow shareholders to benefit from the profits to be generated by the Group after maintaining adequate reserves for the future growth of PMCB Group.

The intended appropriation of the forecast consolidated profit for the financial year ending 31 December 2003 will be as follows:-

CONSOLIDATED PROFIT FORECAST		Financial Year Ending 31.12.2003
Turnover	(RM'000)	53,778
Consolidated PBT	(RM'000)	14,640
Taxation		(1,379)
Consolidated PAT	(RM'000)	13,261
Number of Shares in issue	('000)	80,000
Tax exempt dividend per Share	(sen)	4.00
Gross dividend yield (based on the Offer for Sale price of RM1.40 per Share)	(%)	2.86
Net dividend cover (based on the forecast tax-exempt dividend of 4 sen per Share)	(times)	4.14

Investors should note that future dividends might be waived in the event that the Company's future financials resulted in a loss. Notwithstanding this, the future dividends might be varied if:-

- the results of the Group differ from that of forecast; or
- the payment of the dividends would adversely affect the Group's cashflows and operations.

**7. FINANCIAL INFORMATION (Cont'd)**

**7.10 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheet**  
(Prepared for inclusion in this Prospectus)

**Folks DFK & Co**  
(No. AF 0502)

Chartered Accountants



Date : 18 June 2003

The Board of Directors  
**PENTAMASTER CORPORATION BERHAD**  
14A, Jalan Todak 3, Pusat Bandar  
Bandar Seberang Jaya  
13700 Seberang Jaya, Prai  
Pulau Pinang

Dear Sirs

**REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA  
CONSOLIDATED BALANCE SHEET OF PENTAMASTER CORPORATION  
BERHAD AND ITS SUBSIDIARY COMPANIES AS AT 31 DECEMBER 2002**

We have reviewed the presentation of the Proforma Consolidated Balance Sheet of PENTAMASTER CORPORATION BERHAD and its subsidiary companies ("the Group") as at 31 December 2002 together with the notes and assumptions thereto, for which the Directors are solely responsible, as set out in the prospectus to be dated 24 June 2003 in connection with the Offer for Sale of 12,340,000 ordinary shares of RM0.50 each at a price of RM1.40 per ordinary share and the listing and quotation of the entire issued and paid-up share capital of 80,000,000 ordinary shares of RM0.50 each of PENTAMASTER CORPORATION BERHAD on the Second Board of the Kuala Lumpur Stock Exchange (KLSE).

In our opinion, the Proforma Consolidated Balance Sheet which has been prepared for illustration purposes only has been properly compiled on the bases and assumptions as set out in the notes thereto and are presented on a basis consistent with the accounting policies normally adopted by the Group and in a form suitable for inclusion in the said Prospectus.

Yours faithfully

**FOLKS DFK & CO**  
Firm No : AF 0502  
Chartered Accountants

**OOI CHEE KUN**  
No: 996/03/04(J/PH)  
Partner

**7. FINANCIAL INFORMATION (Cont'd)****7.11 Proforma Consolidated Balance Sheet of PMCB Group**  
(Prepared for inclusion in this Prospectus)**PROFORMA CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2002**

The proforma consolidated Balance Sheet of PENTAMASTER CORPORATION BERHAD (PMCB) as set out below is provided for illustrative purpose only to show the effects on the audited consolidated balance sheet of PMCB as at 31 December 2002 had the Offer for Sale been effected on that date :-

	<b>Audited as at 31 December 2002 RM'000</b>	<b>After Offer for Sale and Listing on KLSE RM'000</b>
PROPERTY, PLANT AND EQUIPMENT	27,142	27,142
GOODWILL	(8,883)	(8,883)
<b>CURRENT ASSETS</b>		
Inventories	9,190	9,190
Trade receivables	20,968	20,968
Other receivables, deposits & prepayments	527	527
Tax recoverable	106	106
Fixed deposits with licensed banks	1,837	1,837
Cash & bank balances	6,264	5,600
	<u>38,892</u>	<u>38,228</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	10,509	10,509
Other payables and accrued liabilities	2,443	2,443
Provision for warranty cost	108	108
Hire-purchase payables	201	201
Short term borrowings	1,799	1,799
Provision for taxation	120	120
	<u>15,180</u>	<u>15,180</u>
<b>NET CURRENT ASSETS</b>	<u>23,712</u>	<u>23,048</u>
	<u>41,971</u>	<u>41,307</u>





**7. FINANCIAL INFORMATION (Cont'd)****PROFORMA CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2002**

Continued

	<b>Audited as at 31 December 2002 RM'000</b>	<b>After Offer for Sale and Listing on KLSE RM'000</b>
Financed by :-		
SHARE CAPITAL	40,000	40,000
SHARE PREMIUM	708	44
RETAINED PROFITS	<u>515</u>	<u>515</u>
SHAREHOLDERS' FUNDS	41,223	40,559
LONG TERM & DEFERRED LIABILITIES		
Hire purchase payables	432	432
Deferred taxation	<u>316</u>	<u>316</u>
	<u>41,971</u>	<u>41,307</u>
Net tangible assets (RM'000)	<u>50,106</u>	<u>49,442</u>
Number of RM0.50 shares in issue ('000)	<u>80,000</u>	<u>80,000</u>
Net tangible assets per share (RM)	<u>0.63</u>	<u>0.62</u>



**7. FINANCIAL INFORMATION (Cont'd)**

**NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED BALANCE SHEET**

1. The Proforma Consolidated Balance Sheet has been prepared for illustration purposes only based on the audited consolidated financial statements of Pentamaster Corporation Berhad (PMCB) and its subsidiary companies as at 31 December 2002.
2. The Proforma Consolidated Balance Sheet has been prepared based on accounting principles and bases consistent with those normally adopted in the preparation of audited financial statements of the Group.
3. The Proforma Consolidated Balance Sheet has been prepared based on the assumptions that the following proposed transactions have been effected on 31 December 2002:-
  - (i) An Offer for Sale by certain shareholders of a total of 12,340,000 ordinary shares of RM0.50 each of PMCB at an offer price of RM1.40 each.
  - (ii) The listing of and quotation for the entire issued share capital of 80,000,000 ordinary shares of RM0.50 each in PMCB on the Second Board of the Kuala Lumpur Stock Exchange.

4. The movement in the share capital account of PMCB are as follows:-

	<b>RM'000</b>
At date of incorporation on 26 February 2002	*
Issued as consideration for the acquisition of subsidiary companies on 30 November 2002	24,076
	24,076
Rights Issue on 23 December 2002	15,924
Audited as at 31 December 2002	40,000

\* RM2.00

5. The movement in the share premium account of PMCB is as follows:-

	<b>RM'000</b>
Arising from shares issued as consideration for the acquisition of subsidiary companies	1,204
Less : Share issue and listing expenses	(496)
Audited balance as at 31 December 2002	708
Less : Estimated share issue and listing expenses to be incurred	(664)
	44



**7. FINANCIAL INFORMATION (Cont'd)**

6. The utilisation of gross proceeds of RM15,924,111 arising from the Rights Issue on 23 December 2002 is analysed as follows:-

	<b>Amount Utilised as at 31.12.2002 RM'000</b>	<b>Balance to be Utilised RM'000</b>	<b>Planned Utilisation RM'000</b>
Estimated share issue and listing expenses	496	664	1,160
Capital expenditure:			
- Purchase of machinery	1,000	-	1,000
- Construction of a factory building	10,300	-	10,300
	11,300	-	11,300
Working capital	3,464	-	3,464
	<u>15,260</u>	<u>664</u>	<u>15,924</u>

**7. CASH AND BANK BALANCES**

	<b>RM'000</b>
Audited as at 31 December 2002	6,264
To be utilised as per Note 6	<u>(664)</u>
	<u>5,600</u>

