

XII. ACCOUNTANTS' REPORT (CONT'D)

6.2 AKSB

	As of 30 September					As of
	1998	1999	2000	2001	2002	30 June
	RM'000	RM'000	RM'000	RM'000	RM'000	2003
						RM'000
Property, plant and equipment	256	251	247	243	1,211	1,208
Agricultural expenditure	177	177	177	177	177	177
Current assets	1	1	1	1	1	1
Current liabilities	96	99	101	103	6	7
Net current liabilities	(95)	(98)	(100)	(102)	(5)	(6)
	338	330	324	318	1,383	1,379
Share capital	337	337	337	337	337	337
Capital reserve	42	42	42	42	42	42
Revaluation reserve	-	-	-	-	923	923
(Accumulated losses)/ retained profit	(41)	(49)	(55)	(61)	32	28
Shareholders' equity	338	330	324	318	1,334	1,330
Long-term and deferred liabilities	-	-	-	-	49	49
	338	330	324	318	1,383	1,379
Number of ordinary shares in issue ('000)	337	337	337	337	337	337
Net tangible assets per ordinary share (RM)	1.00	0.98	0.96	0.94	3.96	3.95

XII. ACCOUNTANTS' REPORT (CONT'D)

6.3 BTFF

	----- As of 30 September -----					As of
	1998	1999	2000	2001	2002	30 June
	RM'000	RM'000	RM'000	RM'000	RM'000	2003
						RM'000
Property, plant and equipment	59	47	51	36	118	176
Expenditure carried forward	4	4	-	-	-	-
Current assets	335	654	868	658	794	646
Current liabilities	434	734	857	556	679	558
Net current (liabilities)/ assets	(99)	(80)	11	102	115	88
	(36)	(29)	62	138	233	264
Share capital	200	200	200	200	200	200
(Accumulated losses)/ retained profit	(236)	(229)	(140)	(62)	19	39
Shareholders' equity	(36)	(29)	60	138	219	239
Long-term and deferred liabilities	-	-	2	-	14	25
	(36)	(29)	62	138	233	264
Number of ordinary shares in issue ('000)	200	200	200	200	200	200
Net tangible assets per ordinary share (RM)	(0.20)	(0.17)	0.30	0.69	1.10	1.20

XII. ACCOUNTANTS' REPORT (CONT'D)

6.4 CABB

	As of 30 September					As of
	1998	1999	2000	2001	2002	30 June
	RM'000	RM'000	RM'000	RM'000	RM'000	2003
						RM'000
Property, plant and equipment	5,317	6,063	6,399	6,259	5,990	7,296
Current assets	6,397	1,272	1,576	1,800	2,156	3,042
Current liabilities	8,807	3,983	4,109	3,700	3,203	4,936
Net current liabilities	(2,410)	(2,711)	(2,533)	(1,900)	(1,047)	(1,894)
	2,907	3,352	3,866	4,359	4,943	5,402
Share capital	1,000	1,000	1,000	1,000	1,000	1,000
(Accumulated losses)/ retained profit	(452)	281	986	1,807	2,699	3,416
Shareholders' equity	548	1,281	1,986	2,807	3,699	4,416
Long-term and deferred liabilities	2,359	2,071	1,880	1,552	1,244	986
	2,907	3,352	3,866	4,359	4,943	5,402
Number of ordinary shares in issue ('000)	1,000	1,000	1,000	1,000	1,000	1,000
Net tangible assets per ordinary share (RM)	0.55	1.28	1.99	2.81	3.70	4.42

XII. ACCOUNTANTS' REPORT (CONT'D)
6.5 CABC

	----- As of 30 September -----					As of
	1998	1999	2000	2001	2002	30 June
	RM'000	RM'000	RM'000	RM'000	RM'000	2003
						RM'000
Property, plant and equipment	8,351	6,448	11,123	13,263	14,810	16,568
Investment in subsidiary companies	7,445	7,445	7,445	7,645	5,345	5,345
Current assets	10,483	9,308	13,284	17,247	18,457	20,081
Current liabilities	9,054	6,334	12,364	18,495	22,051	20,812
Net current assets/ (liabilities)	1,429	2,974	920	(1,248)	(3,594)	(731)
	17,225	16,867	19,488	19,660	16,561	21,182
Share capital	2,000	2,000	2,000	2,000	2,000	2,000
Retained profit	6,481	8,039	9,606	11,734	9,610	12,277
Shareholders' equity	8,481	10,039	11,606	13,734	11,610	14,277
Long-term and deferred liabilities	8,744	6,828	7,882	5,926	4,951	6,905
	17,225	16,867	19,488	19,660	16,561	21,182
Number of ordinary shares in issue ('000)	2,000	2,000	2,000	2,000	2,000	2,000
Net tangible assets per ordinary share (RM)	4.24	5.02	5.80	6.87	5.81	7.14

XII. ACCOUNTANTS' REPORT (CONT'D)

6.6 GGSB

	As of 31 December				As of	As of
	1998	1999	2000	2001	30 September	30 June
	RM'000	RM'000	RM'000	RM'000	2002	2003
					RM'000	RM'000
Property, plant and equipment	428	677	742	727	702	639
Investment in subsidiary companies	-	51	587	1,460	2,114	2,063
Investment in associated company	-	-	44	44	44	44
Intangible assets	10	9	2	2	-	-
Current assets	406	1,155	653	1,275	967	1,239
Current liabilities	382	1,310	1,009	2,278	1,216	1,076
Net current assets/ (liabilities)	24	(155)	(356)	(1,003)	(249)	163
	462	582	1,019	1,230	2,611	2,909
Share capital	450	550	800	800	1,800	1,800
Retained profit	12	32	50	210	635	967
Shareholders' equity	462	582	850	1,010	2,435	2,767
Long-term and deferred liabilities	-	-	169	220	176	142
	462	582	1,019	1,230	2,611	2,909
Number of ordinary shares in issue ('000)	450	550	800	800	1,800	1,800
Net tangible assets per ordinary share (RM)	1.00	1.04	1.06	1.26	1.35	1.54

XII. ACCOUNTANTS' REPORT (CONT'D)

6.7 JJP

	----- As of 30 September -----					As of
	1998	1999	2000	2001	2002	30 June
	RM'000	RM'000	RM'000	RM'000	RM'000	2003
						RM'000
Property, plant and equipment	97	87	74	59	58	62
Current assets	154	159	203	163	334	257
Current liabilities	289	253	258	169	274	171
Net current (liabilities)/ assets	(135)	(94)	(55)	(6)	60	86
	(38)	(7)	19	53	118	148
Share capital	-	-	-	-	-	-
(Accumulated losses)/ retained profit	(38)	(7)	13	48	113	143
Shareholders' equity	(38)	(7)	13	48	113	143
Long-term and deferred liabilities	-	-	6	5	5	5
	(38)	(7)	19	53	118	148
Number of ordinary shares in issue ('000)	0.002	0.002	0.002	0.002	0.002	0.002
Net tangible assets per ordinary share (RM)	(19,000.00)	(3,500.00)	6,500.00	24,000.00	56,500.00	71,500.00

XII. ACCOUNTANTS' REPORT (CONT'D)

6.8 JJSB

	----- As of 30 September -----					As of
	1998	1999	2000	2001	2002	30 June
	RM'000	RM'000	RM'000	RM'000	RM'000	2003
						RM'000
Property, plant and equipment	4,046	4,247	3,909	9,350	10,610	10,832
Investment in subsidiary companies	250	250	250	250	1,307	1,307
Current assets	6,409	7,241	8,948	11,507	14,968	16,431
Current liabilities	7,735	7,623	7,225	11,691	15,325	15,725
Net current (liabilities)/ assets	(1,326)	(382)	1,723	(184)	(357)	706
	2,970	4,115	5,882	9,416	11,560	12,845
Share capital	60	1,020	1,020	1,020	1,020	1,020
Retained profit	2,598	2,878	4,678	6,576	8,388	9,582
Shareholders' equity	2,658	3,898	5,698	7,596	9,408	10,602
Long-term and deferred liabilities	312	217	184	1,820	2,152	2,243
	2,970	4,115	5,882	9,416	11,560	12,845
Number of ordinary shares in issue ('000)	60	1,020	1,020	1,020	1,020	1,020
Net tangible assets per ordinary share (RM)	44.30	3.82	5.59	7.45	9.22	10.39

XII. ACCOUNTANTS' REPORT (CONT'D)

6.9 KBC

	----- As of 31 December -----			As of	As of
	1999 RM'000	2000 RM'000	2001 RM'000	30 September 2002 RM'000	30 June 2003 RM'000
Property, plant and equipment	223	223	239	261	273
Expenditure carried forward	2	-	-	-	-
Current assets	42	122	252	259	397
Current liabilities	149	145	159	114	221
Net current (liabilities)/ assets	(107)	(23)	93	145	176
	118	200	332	406	449
Share capital	220	330	400	400	400
(Accumulated losses)/ retained profit	(102)	(130)	(81)	(11)	27
Shareholders' equity	118	200	319	389	427
Long-term and deferred liabilities	-	-	13	17	22
	118	200	332	406	449
Number of ordinary shares in issue ('000)	220	330	400	400	400
Net tangible assets per ordinary share (RM)	0.53	0.61	0.80	0.97	1.07

Note:

KBC was incorporated on 10 December 1998 and the first set of financial statements drawn up was for the financial period from 10 December 1998 to 31 December 1999.

XII. ACCOUNTANTS' REPORT (CONT'D)

6.10 KFI

	As of		
	31 December 2001 RM'000	30 September 2002 RM'000	30 June 2003 RM'000
Property, plant and equipment	59	81	100
Current assets	1,213	1,724	1,732
Current liabilities	1,140	1,661	1,598
Net current assets	73	63	134
	132	144	234
Share capital	100	100	100
Retained profit	30	40	130
Shareholders' equity	130	140	230
Long-term and deferred liabilities	2	4	4
	132	144	234
Number of ordinary shares in issue ('000)	100	100	100
Net tangible assets per ordinary share (RM)	1.30	1.40	2.30

Note:

KFI was incorporated on 13 July 2000 and the first set of financial statements drawn up was for the financial period from 13 July 2000 to 31 December 2001.

XII. ACCOUNTANTS' REPORT (CONT'D)**6.11 K KOV**

	----- As of 31 December -----		As of	As of
	2000	2001	30 September	30 June
	RM'000	RM'000	2002	2003
			RM'000	RM'000
Investment in subsidiary companies	500	500	500	791
Current assets	344	732	1,013	947
Current liabilities	352	549	239	470
Net current (liabilities)/ assets	(8)	183	774	477
	492	683	1,274	1,268
Share capital	500	700	1,300	1,300
Accumulated losses	(8)	(17)	(26)	(32)
Shareholders' equity	492	683	1,274	1,268
Number of ordinary shares in issue ('000)	500	700	1,300	1,300
Net tangible assets per ordinary share (RM)	0.98	0.98	0.98	0.98

Note:

K KOV was incorporated on 7 July 1999 and the first set of financial statements drawn up was for the financial period from 7 July 1999 to 31 December 2000.

XII. ACCOUNTANTS' REPORT (CONT'D)

6.12 KKPL

	----- As of 31 December -----		As of	As of
	2000	2001	30 September	30 June
	RM'000	RM'000	2002	2003
			RM'000	RM'000
Property, plant and equipment	404	346	263	152
Current assets	496	659	802	843
Current liabilities	876	1,201	1,424	1,597
Net current liabilities	(380)	(542)	(622)	(754)
	24	(196)	(359)	(602)
Share capital	217	217	217	217
Accumulated losses	(285)	(491)	(631)	(858)
Translation reserve	-	4	(11)	(16)
Shareholders' equity	(68)	(270)	(425)	(657)
Long-term and deferred liabilities	92	74	66	55
	24	(196)	(359)	(602)
Number of ordinary shares in issue ('000)	100	100	100	100
Net tangible assets per ordinary share (RM)	(0.68)	(2.70)	(4.25)	(6.57)

Note:

KKPL was incorporated on 16 June 2000 and the first set of financial statements drawn up was for the financial period from 16 June 2000 to 31 December 2000.

XII. ACCOUNTANTS' REPORT (CONT'D)

6.13 KKSB

	----- As of 31 December -----			As of	As of
	1999 RM'000	2000 RM'000	2001 RM'000	30 September 2002 RM'000	30 June 2003 RM'000
Property, plant and equipment	-	205	374	645	646
Expenditure carried forward	4	-	-	-	-
Current assets	-	700	351	722	787
Current liabilities	4	892	205	836	802
Net current (liabilities)/ assets	(4)	(192)	146	(114)	(15)
	-	13	520	531	631
Share capital	-	-	500	500	500
Retained profit	-	7	11	15	105
Shareholders' equity	-	7	511	515	605
Long-term and deferred liabilities	-	6	9	16	26
	-	13	520	531	631
Number of ordinary shares in issue ('000)	0.002	0.002	500	500	500
Net tangible assets per ordinary share (RM)	(2,000.00)	3,500.00	1.02	1.03	1.21

Note:

KKSB was incorporated on 28 July 1998 and the first set of financial statements drawn up was for the financial period from 28 July 1998 to 31 December 1999.

XII. ACCOUNTANTS' REPORT (CONT'D)

6.14 KPSB

	----- As of 30 June -----			As of	As of	As of
	1999 RM'000	2000 RM'000	2001 RM'000	31 December 2001 RM'000	30 September 2002 RM'000	30 June 2003 RM'000
Property, plant and equipment	549	543	537	534	419	416
Current assets	25	53	100	51	113	100
Current liabilities	257	307	382	299	292	331
Net current liabilities	(232)	(254)	(282)	(248)	(179)	(231)
	<u>317</u>	<u>289</u>	<u>255</u>	<u>286</u>	<u>240</u>	<u>185</u>
Share capital	50	50	50	100	100	100
Accumulated losses	(61)	(61)	(61)	(60)	(29)	(58)
Shareholders' equity	(11)	(11)	(11)	40	71	42
Long-term and deferred liabilities	328	300	266	246	169	143
	<u>317</u>	<u>289</u>	<u>255</u>	<u>286</u>	<u>240</u>	<u>185</u>
Number of ordinary shares in issue ('000)	50	50	50	100	100	100
Net tangible assets per ordinary share (RM)	(0.22)	(0.22)	(0.22)	0.40	0.71	0.42

XII. ACCOUNTANTS' REPORT (CONT'D)

6.15 LTA

	----- As of 30 September -----					As of
	1998	1999	2000	2001	2002	30 June
	RM'000	RM'000	RM'000	RM'000	RM'000	2003
						RM'000
Property, plant and equipment	46	46	46	46	46	46
Current assets	61	212	151	36	47	51
Current liabilities	105	228	138	3	3	2
Net current (liabilities)/ assets	(44)	(16)	13	33	44	49
	2	30	59	79	90	95
Share capital	20	20	20	20	20	20
(Accumulated losses)/ retained profit	(18)	10	39	59	70	75
Shareholders' equity	2	30	59	79	90	95
Number of ordinary shares in issue ('000)	20	20	20	20	20	20
Net tangible assets per ordinary share (RM)	0.10	1.50	2.95	3.95	4.50	4.75

XII. ACCOUNTANTS' REPORT (CONT'D)

6.16 SKK

	----- As of 31 December -----		As of	As of
	2000	2001	30 September	30 June
	RM'000	RM'000	2002	2003
			RM'000	RM'000
Property, plant and equipment	61	149	547	801
Intangible assets	103	7	-	-
Current assets	550	352	393	548
Current liabilities	45	81	444	265
Net current assets/ (liabilities)	505	271	(51)	283
	669	427	496	1,084
Share capital	742	742	742	1,313
Accumulated losses	(89)	(331)	(262)	(243)
Translation reserve	16	16	16	14
Shareholders' equity	669	427	496	1,084
Registered capital (RMB'000)	1,670	1,670	1,670	2,911
Net tangible assets per RMB1 share capital (RM)	0.34	0.25	0.30	0.37

Note:

SKK was incorporated on 9 December 1999 and the first set of financial statements drawn up was for the financial period from 9 December 1999 to 31 December 2000.

XII. ACCOUNTANTS' REPORT (CONT'D)**6.17 SSSB**

	----- As of -----	
	30 September 2002 RM'000	30 June 2003 RM'000
Property, plant and equipment	86	79
Current assets	123	105
Current liabilities	266	283
Net current liabilities	(143)	(178)
	(57)	(99)
Share capital	100	100
Accumulated losses	(157)	(199)
Shareholders' equity	(57)	(99)
Number of ordinary shares in issue ('000)	100	100
Net tangible assets per ordinary share (RM)	(0.57)	(0.99)

Note:

SSSB was incorporated on 20 September 2001 and the first set of financial statements drawn up was for the financial period from 20 September 2001 to 30 September 2002.

XII. ACCOUNTANTS' REPORT (CONT'D)

6.18 DSSB

	----- As of -----		
	31 December 2001 RM'000	30 September 2002 RM'000	30 June 2003 RM'000
Property, plant and equipment	103	108	94
Current assets	104	83	118
Current liabilities	169	180	217
Net current liabilities	(65)	(97)	(99)
	38	11	(5)
Share capital	100	100	100
Accumulated losses	(62)	(89)	(105)
Shareholders' equity	38	11	(5)
Number of ordinary shares in issue ('000)	100	100	100
Net tangible assets per ordinary share (RM)	0.38	0.11	(0.05)

Note:

DSSB was incorporated on 8 August 2000 and the first set of financial statements drawn up was for the financial period from 8 August 2000 to 31 December 2001.

XII. ACCOUNTANTS' REPORT (CONT'D)**7. STATEMENT OF ASSETS AND LIABILITIES**

The following are the detailed statement of assets and liabilities of the Proforma Group which have been prepared for illustrative purposes only and based on the audited financial statements of CAB ("the Company") and its subsidiary companies ("the Group") as of 30 June 2003. The statement of assets and liabilities of the Proforma Group have been prepared on the assumption that the restructuring scheme as mentioned under Note 2.2 had been effected on 30 June 2003 and should be read in conjunction with the notes thereon.

	Note	Audited CAB RM'000	Proforma Group RM'000
PROPERTY, PLANT AND EQUIPMENT	8.3	-	55,884
INVESTMENT IN ASSOCIATED COMPANY	8.4	-	3
AGRICULTURAL EXPENDITURE	8.5	-	177
GOODWILL ON CONSOLIDATION	8.6	-	6,644
CURRENT ASSETS			
Investment in quoted shares	8.7	-	125
Inventories	8.8	-	5,515
Trade receivables	8.9	-	29,231
Amount owing by associated company	8.10	-	119
Other receivables and prepaid expenses	8.11	-	2,852
Tax recoverable		-	141
Fixed deposits with licensed banks	8.12	-	10,720
Cash and bank balances		-	3,925
Total Current Assets		-	52,628
CURRENT LIABILITIES			
Trade payables	8.13	-	12,232
Amount owing to associated company	8.14	-	89
Amount owing to directors	8.15	5	150
Other payables and accrued expenses	8.16	2	2,884
Hire-purchase payables	8.17	-	658
Long-term loans	8.18	-	1,542
Bank borrowings	8.19	-	22,808
Tax liabilities		-	1,007
Total Current Liabilities		7	41,370
NET CURRENT (LIABILITIES)/ ASSETS		(7)	11,258
		(7)	73,966

(FORWARD)

XII. ACCOUNTANTS' REPORT (CONT'D)

	Note	Audited CAB RM'000	Proforma Group RM'000
SHARE CAPITAL	8.20	-	40,000
RESERVES	8.21	-	20,389
ACCUMULATED LOSSES		(7)	(7)
SHAREHOLDERS' EQUITY		(7)	60,382
MINORITY INTERESTS		-	370
LONG-TERM AND DEFERRED LIABILITIES			
Hire-purchase payables	8.17	-	1,630
Long-term loans	8.18	-	8,032
Deferred tax liabilities	8.22	-	3,552
Total Long-Term and Deferred Liabilities		-	13,214
		(7)	73,966
Number of ordinary shares in issue/ assumed in issue ('000)		0.002	80,000
Net Tangible Assets per ordinary share (RM)		(3,500.00)	0.67

XII. ACCOUNTANTS' REPORT (CONT'D)

8. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

8.1 BASIS OF PREPARATION OF STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities has been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board.

8.2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless stated otherwise in the accounting policies mentioned below.

Basis of Consolidation

The statement of assets and liabilities incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company made up to 30 June 2003.

Subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiary companies acquired or disposed of during the financial period are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

All significant intercompany transactions and balances are eliminated on consolidation.

Revenue

Sale of goods are recognised upon delivery of products and when the risks and rewards of ownership have passed. Sales represent gross invoiced value of goods sold net of sales tax, returns and discounts.

Franchise income are generally recognised upon completion of services rendered as a franchisor in connection with the opening and launching activities of the franchisees. Royalty income are recognised on an accrual basis in accordance with the substance of the relevant agreements.

Rental income is accrued on a time basis, by reference to the agreements entered. Dividend income is recognised when the shareholder's right to receive payment is established.

Other operating income are recognised on an accrual basis.

XII. ACCOUNTANTS' REPORT (CONT'D)

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates prevailing at the transaction dates or, where settlement has not yet taken place at the end of the financial period, at approximate exchange rates prevailing at that date. All foreign exchange gains and losses are taken up in the income statements.

For the purpose of consolidation, the financial statements of the foreign incorporated subsidiary companies have been translated into Ringgit Malaysia as follows:

Share capital	- at historical rates
Assets and liabilities	- at closing rates
Revenue and expenses	- at average rates

The closing rates per unit of Ringgit Malaysia used in the translation of foreign incorporated subsidiary companies' financial statements are as follows:

Currency:	
Singapore Dollar	- 2.1630
Renminbi Yuan	- 0.4593

All translation gains or losses are taken up and reflected in the translation reserve account under shareholders' equity. Such translation gains or losses are recognised as income or expenses in the income statements, in the period in which the operations are disposed of.

Difference in exchange arising from the translation of the opening net investments in foreign subsidiary companies, and from the translation of the results of those companies at the average exchange rates, are taken to translation reserve account.

Goodwill arising on the acquisition of foreign entities are treated as assets of the Group and are translated at the exchange rates ruling at the date of the transactions.

Income Tax

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

XII. ACCOUNTANTS' REPORT (CONT'D)

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The carrying amount of a deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefits of part or all of the deferred tax asset to be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiary companies and associated company, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statements, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle their current tax assets and liabilities on a net basis.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation.

Land and buildings stated at valuation are revalued at regular intervals of at least once in every five years by the directors based on the valuation reports of independent professional valuers. The valuations are based on market value using comparison and cost methods of valuations with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued assets differ materially from the market values.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in carrying amount is charged to income statements. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to income statements to the extent that it offsets the previously recorded decrease.

Gains or losses arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements. On disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed are transferred to retained profit account.

XII. ACCOUNTANTS' REPORT (CONT'D)

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. 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 statements unless it reverses a previous revaluation in which case it is treated as a revaluation decrease.

Freehold land and construction-in-progress are not depreciated. All other property, plant and equipment are depreciated on a straight line method to their residual values at rates based on the estimated useful lives of the various assets.

The annual depreciation rates are as follows:

Long leasehold land	54, 66, 96, 880, 889 years
Short leasehold land and building	52 years
Buildings	5, 10, 50, 66 and 96 years
Plant, machinery and equipment	10%, 15%, 18% & 20%
Electrical installation	10%
Office equipment	10% - 33%
Furniture, fixtures and fittings	10%, 15%, 18% & 20%
Motor vehicles	10%, 15%, 18% & 20%
Renovation	10%, 15%, 20% & 33.33%

Property, Plant and Equipment Under Hire-purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Leased Assets

Assets under leases which in substance transfer the risks and benefits of ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the fair value of the leased assets which approximates the present value of the minimum lease payments, at the beginning of the respective lease terms.

Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statements over the term of the relevant lease period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period. All other leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statements as incurred.

Investment in Subsidiary Companies

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

XII. ACCOUNTANTS' REPORT (CONT'D)

Investment in subsidiary companies, which are eliminated on consolidation, are stated at cost in the Company's financial statements. Where there is an indication of impairment in the value of the assets, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Investment in Associated Company

An associated company is a company in which the Group has a long-term equity investment of 20% to 50% and in which the Group is in a position to exercise significant influence in its management.

The Group's investment in associated company is accounted for under the equity method of accounting based on the latest audited financial statements of the associated company made up to 30 June 2003. Under this method of accounting, the Group's interest in the post-acquisition profit and reserves of the associated company is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated balance sheet. The carrying amount of such investment is reduced to recognise any decline, other than a temporary decline, in the value of the investment.

Unrealised profits and losses arising on transactions between the Group and its associated company are eliminated to the extent of the Group's equity interest in the relevant associated company except where unrealised losses provide evidence of an impairment of the asset transferred.

Agricultural Expenditure

Agricultural expenditure represents pre-cropping costs incurred on land preparation, construction of drains, roads and irrigation, fertilisation, plant and planting, labour and any general overheads directly attributable to the development of the timber trees.

Timber crops are stated at the lower of cost of development, less the timber assets harvested or market valuation.

Goodwill/ Reserve on Consolidation

Goodwill/ reserve arising on consolidation represents the difference between the purchase consideration paid for shares in the subsidiary companies and the fair values of the identifiable net assets of the subsidiary companies at the dates of acquisitions. Goodwill/ reserve on consolidation is amortised evenly over a period of five years.

Goodwill arising on the acquisition of associated company is included within the carrying amount of the associated company and represents the excess of the purchase consideration over the Group's interest in the fair values of the identifiable net assets of associated company at the date of acquisition.

Where an indication of impairment exists, the carrying amount of goodwill is assessed and written down immediately to its recoverable amount.

Investment in Quoted Shares

Investment in quoted shares are stated at the lower of cost and market value.

XII. ACCOUNTANTS' REPORT (CONT'D)

Inventories

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

Cost of eggs (determined on weighted average basis) consists of cost of livestock, feeds, direct labour and a proportion of farm overheads.

Cost of parent stocks and broiler chicken (determined on specific identification basis) consists of the original purchase price of birds plus growing costs which include cost of feeds and consumables, direct labour and a proportion of farm overheads.

Cost of medicine and chemicals, feeds and consumables, seasoning inventories, canned food and farm equipment (determined on first-in, first-out basis) consists of the original purchase price plus cost of bringing the inventories to present location.

Cost of processed chicken and frozen food (determined on first-in, first-out basis) consists of cost of livestock/ raw materials, direct labour and a proportion of production overheads.

Cost of raw materials, meats and dressings, beverages and packing materials and consumables (determined on first-in, first-out basis) comprises the original purchase price plus cost incurred in bringing the inventories to their present location. Cost of finished goods comprises the cost of raw materials, direct labour and a proportion of production overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Receivables

Receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Provisions

Provisions are made when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be recognised to settle the obligation, and when a reliable estimate of the amount can be made.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, demand deposits, bank overdrafts and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Financial Instruments

Financial instruments carried on the balance sheets include cash and bank balances, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

XII. ACCOUNTANTS' REPORT (CONT'D)

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

8.3 PROPERTY, PLANT AND EQUIPMENT**Proforma Group**

Cost Unless Stated Otherwise	Beginning of period RM'000	Additions RM'000	Disposals RM'000	Currency translation difference RM'000	Revaluations RM'000	End of period RM'000
Freehold land						
- at cost	5,551	1,606	(1,017)	-	(4,436)	1,704
- at 2002 valuation	1,203	-	-	-	(1,203)	-
- at 2003 valuation	-	-	-	-	12,110	12,110
Freehold land and buildings						
- at cost	9,977	223	(1,380)	-	(8,597)	223
- at 2003 valuation	-	-	-	-	13,250	13,250
Long leasehold land	240	-	(240)	-	-	-
Long leasehold land and buildings						
- at cost	12,495	39	-	-	(12,495)	39
- at 2003 valuation	-	-	-	-	14,530	14,530
Short leasehold land and building						
- at cost	446	-	-	-	(446)	-
- at 2003 valuation	-	-	-	-	450	450
Buildings	1,413	2	-	-	-	1,415
Plant, machinery and equipment	6,279	532	(31)	2	-	6,782
Electrical installation	9	-	-	-	-	9
Office equipment	575	53	-	-	-	628
Furniture, fixtures and fittings	940	76	-	-	-	1,016
Motor vehicles	4,076	436	(66)	1	-	4,447
Renovation	1,664	397	-	2	-	2,063
Construction-in- progress	140	4,470	-	-	-	4,610
	45,008	7,834	(2,734)	5	13,163	63,276

XII. ACCOUNTANTS' REPORT (CONT'D)

Accumulated Depreciation	Beginning of period RM'000	Charge for the period RM'000	Disposals RM'000	Currency translation difference RM'000	Revaluations RM'000	End of period RM'000
Freehold land and buildings						
- at cost	2,305	236	(132)	-	(2,408)	1
- at 2003 valuation	-	-	-	-	235	235
Long leasehold land	3	-	(3)	-	-	-
Long leasehold land and buildings						
- at cost	1,215	231	-	-	(1,445)	1
- at 2003 valuation	-	-	-	-	231	231
Short leasehold land and building						
- at cost	43	6	-	-	(49)	-
- at 2003 valuation	-	-	-	-	6	6
Buildings	791	117	-	-	-	908
Plant, machinery and equipment	2,269	537	(21)	1	-	2,786
Electrical installation	3	-	-	-	-	3
Office equipment	282	62	-	-	-	344
Furniture, fixtures and fittings	288	98	-	-	-	386
Motor vehicles	1,570	322	(61)	1	-	1,832
Renovation	394	264	-	1	-	659
	9,163	1,873	(217)	3	(3,430)	7,392

XII. ACCOUNTANTS' REPORT (CONT'D)

	Proforma Group RM'000
Net Book Value:	
Freehold land	
- at cost	1,704
- at 2002 valuation	-
- at 2003 valuation	12,110
Freehold land and buildings	
- at cost	222
- at 2003 valuation	13,015
Long leasehold land	-
Long leasehold land and buildings	
- at cost	38
- at 2003 valuation	14,299
Short leasehold land and building	
- at cost	-
- at 2003 valuation	444
Buildings	507
Plant, machinery and equipment	3,996
Electrical installation	6
Office equipment	284
Furniture, fixtures and fittings	630
Motor vehicles	2,615
Renovation	1,404
Construction-in-progress	4,610
	<hr/>
	55,884
	<hr/> <hr/>

The landed properties of the Group were revalued by the directors on 23 December 2002 based on valuations carried out by Tan Kok Yew, MBA, Bachelor of Sury. (Hons) (Property Management), a registered valuer of Intra Harta Consultants (North) Sdn Bhd, an independent firm of professional valuers. The valuations were based on market value using comparison and cost methods of valuations. The revaluations were approved by the Securities Commission on 7 August 2003. The net revaluation surplus (net of deferred tax liabilities of RM2,608,515) of RM13,984,951 was eliminated on consolidation.

XII. ACCOUNTANTS' REPORT (CONT'D)

The historical costs and carrying values of the landed properties of the Group are as follows:

	Cost RM'000	Proforma Group Accumulated depreciation RM'000	Net book value RM'000
Freehold land	5,640	-	5,640
Freehold land and buildings	8,596	2,407	6,189
Long leasehold land and buildings	12,495	1,446	11,049
Short leasehold land and building	446	50	396
	<u>27,177</u>	<u>3,903</u>	<u>23,274</u>

As of 30 June 2003, the title deed of a parcel of freehold land of the Group with a carrying value of RM358,370 is registered in the name of a director, Chuah Ah Bee and is in the process of being transferred to the name of a subsidiary company.

As of 30 June 2003, the unexpired lease periods of the leasehold land of the Group are 47, 51, 64, 90 and 873 years.

As of 30 June 2003, certain landed properties of the Group with a total carrying value of RM18,865,287 are pledged to local banks as securities for credit facilities granted to the Group as mentioned in Notes 8.18 and 8.19.

As of 30 June 2003, the net carrying amount of property, plant and equipment of the Group acquired under hire-purchase arrangements of which instalments are still outstanding are as follows:

	Proforma Group RM'000
Motor vehicles	905
Construction-in-progress	2,051
	<u>2,956</u>

8.4 INVESTMENT IN ASSOCIATED COMPANY

	Proforma Group RM'000
Unquoted shares, at cost	44
Share of post-acquisition results	(41)
	<u>3</u>

XII. ACCOUNTANTS' REPORT (CONT'D)

The Group's interest in the associated company is analysed as follows:

	Proforma Group RM'000
Share of net liabilities	(2)
Goodwill on acquisition	5
	<hr/>
	3
	<hr/> <hr/>

The Group has a 40% equity interest in DSSB, a company incorporated in Malaysia. This associated company is principally involved in the processing and selling of barbecued meat.

8.5 AGRICULTURAL EXPENDITURE

	Proforma Group RM'000
Clearing and preparation of land	105
Seeding	72
	<hr/>
	177
	<hr/> <hr/>

The agricultural expenditure was incurred on a parcel of the Group's freehold land mentioned in Note 8.3.

8.6 GOODWILL ON CONSOLIDATION

	Proforma Group RM'000
At cost:	
Arising from the Acquisition of GGSB	6,644
	<hr/> <hr/>

8.7 INVESTMENT IN QUOTED SHARES

	Proforma Group RM'000
At cost	129
Less: Diminution in value	(4)
	<hr/>
	125
	<hr/> <hr/>
Market value	125
	<hr/> <hr/>

XII. ACCOUNTANTS' REPORT (CONT'D)**8.8 INVENTORIES**

	Proforma Group RM'000
At cost:	
Broiler chicken	1,697
Parent stocks	1,559
Processed chicken	800
Eggs	544
Medicine and chemicals	287
Raw materials/ meats and dressings	286
Frozen food	143
Packing materials and consumables	84
Beverages	67
Feeds and consumables	27
Canned food	9
Seasoning inventories	7
Farm equipment	3
Finished goods	2
	<hr/>
	5,515
	<hr/> <hr/>

8.9 TRADE RECEIVABLES

	Proforma Group RM'000
Amount outstanding	29,956
Less: Allowance for doubtful debts	(725)
	<hr/>
	29,231
	<hr/> <hr/>

Trade receivables of the Group comprise amounts receivable for the sale of goods. The credit periods granted on sale of goods range from 14 to 90 days.

Included in trade receivables of the Group is an amount of RM405,655 owing by Chuah Ah Bee Sdn Bhd, a company in which the directors, Chuah Ah Bee and Chan Kim Keow are also directors of the Company. This amount has been fully collected subsequent to 30 June 2003.

8.10 AMOUNT OWING BY ASSOCIATED COMPANY

	Proforma Group RM'000
Trade	3
Non-trade	116
	<hr/>
	119
	<hr/> <hr/>

XII. ACCOUNTANTS' REPORT (CONT'D)

The amount owing by associated company of the Group, DSSB, arose mainly from trade transactions and unsecured advances which are interest free and have no fixed term of repayment.

8.11 OTHER RECEIVABLES AND PREPAID EXPENSES

	Proforma Group RM'000
Other receivables	1,183
Less: Allowance for doubtful debts	(21)
	<hr/>
	1,162
Refundable deposits	903
Prepaid expenses	787
	<hr/>
	2,852
	<hr/> <hr/>

Other receivables of the Group comprise mainly royalty fee receivable, sales consideration receivable for the disposal of a parcel of the Group's land and expenses paid on behalf of franchisees for the setting up of new outlets which are still in progress.

Included in other receivables of the Group is an amount of RM21,738 owing by Gettmore Global Sdn Bhd, a company in which a director, Khoo Chee Kong is also a director of the Company. This amount has been fully collected subsequent to 30 June 2003.

8.12 FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group represents proceeds to be received from Public Issue.

8.13 TRADE PAYABLES

Trade payables of the Group comprise amounts outstanding for trade purchases. The credit periods granted to the Group range from 15 to 90 days.

8.14 AMOUNT OWING TO ASSOCIATED COMPANY

	Proforma Group RM'000
Trade	75
Non-trade	14
	<hr/>
	89
	<hr/> <hr/>

XII. ACCOUNTANTS' REPORT (CONT'D)

The amount owing to associated company of the Group, DSSB, arose mainly from trade transactions and unsecured advances which are interest free and have no fixed term of repayment.

8.15 AMOUNT OWING TO DIRECTORS

	CAB RM'000	Proforma Group RM'000
Ng Ai Gaik	5	5
Low Yin Yin	-	86
Lee Eng Kok	-	55
Chuah Ah Bee	-	3
Chew Chee Khong/ Khoo Chee Kong/ Haji Zakaria Bin Hashim	-	1
	<u>5</u>	<u>150</u>

The amount owing to directors of the Group and of the Company arose mainly from unsecured advances which are interest free and have no fixed term of repayment.

8.16 OTHER PAYABLES AND ACCRUED EXPENSES

	CAB RM'000	Proforma Group RM'000
Other payables	-	1,981
Accrued expenses	2	903
	<u>2</u>	<u>2,884</u>

Other payables of the Group arose mainly from amounts outstanding for ongoing costs and amounts collected from franchisees for the setting up of new outlets which are still in progress.

Included in other payables of the Group are amounts owing to related parties as follows:

	Proforma Group RM'000
SKKY United Pte Ltd *	339
Abdul Rahman Bin Abdullah **	<u>26</u>

* A shareholder of KKPL

** A shareholder of SSSB

The above amounts owing to related parties arose mainly from unsecured advances which are interest free and have no fixed term of repayment.

XII. ACCOUNTANTS' REPORT (CONT'D)**8.17 HIRE-PURCHASE PAYABLES**

	Proforma Group RM'000
Total outstanding	2,674
Less: Interest-in-suspense outstanding	(386)
	<hr/>
Principal outstanding	2,288
Less: Current portion	(658)
	<hr/>
Non-current portion	<u>1,630</u>

The non-current portion is repayable as follows:

	Proforma Group RM'000
Later than one year and not later than two years	478
Later than two years and not later than five years	1,152
	<hr/>
	<u>1,630</u>

It is the Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The terms for hire-purchase of the Group range from two to seven years. The effective interest rates for hire-purchase of the Group range from 6.48% to 10.06% per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The Group's hire-purchase payables are secured by the financial institutions' charge over the assets under hire-purchase.

8.18 LONG-TERM LOANS

	Proforma Group RM'000
Amount outstanding	9,574
Less: Current portion	(1,542)
	<hr/>
Non-current portion	<u>8,032</u>

XII. ACCOUNTANTS' REPORT (CONT'D)

The non-current portion is repayable as follows:

	Proforma Group RM'000
Later than one year and not later than two years	1,645
Later than two years and not later than five years	3,284
Later than five years	3,103
	<hr/>
	8,032
	<hr/> <hr/>

The long-term loans of the Group obtained from local licensed banks bear interests at rates ranging from 1% to 2.5% per annum above the lending banks' base lending rates and a fixed rate of 6% per annum. The effective interest rates for long-term loans of the Group as of 30 June 2003 range from 6% to 8.5% per annum.

The long-term loans of the Group are secured as mentioned in Note 8.19.

8.19 BANK BORROWINGS

	Proforma Group RM'000
Secured:	
Bankers' acceptance	11,418
Bank overdrafts	11,213
Unsecured:	
Bank overdrafts	177
	<hr/>
	22,808
	<hr/> <hr/>

The bankers' acceptance of the Group bear interests at rates ranging from 1% to 1.5% per annum above the lending banks' cost of funds. The bank overdrafts of the Group bear interests at rates ranging from 1.25% to 2% per annum above the lending banks' base lending rates and 3% per annum above Bank Negara Malaysia's funding rates.

The effective interest rates per annum as of 30 June 2003 are as follows:

	Proforma Group %
Bankers' acceptance	2.95 – 3.2
Bank overdrafts	4.5 – 8
	<hr/> <hr/>

XII. ACCOUNTANTS' REPORT (CONT'D)

The secured bank borrowings together with the long-term loans of the Group are guaranteed by certain subsidiary companies and certain directors of the Company and of certain subsidiary companies, and are secured, either singly or collectively, as follows:

- a. legal charges over certain landed properties of the Group; and
- b. legal charges over certain landed properties belonging to certain directors and a company in which the directors are also directors of the Company.

The unsecured bank borrowings of the Group is guaranteed by a subsidiary company, all directors of a subsidiary company and Credit Guarantee Corporation.

8.20 SHARE CAPITAL

	CAB		Proforma Group	
	No. of shares '000	RM'000	No. of shares '000	RM'000
Authorised:				
Shares:				
At beginning of period	100	100	100	100
Sub-division of par value from RM1.00 to RM0.50 per share	-	-	100	-
Increased during the period	-	-	199,800	99,900
At end of period	100	100	200,000	100,000
Issued and fully paid:				
Ordinary shares:				
At beginning of period *	-	-	-	-
Sub-division of par value from RM1.00 to RM0.50 per share **	-	-	-	-
New shares issued pursuant to the Acquisition of CAB and Acquisition of GGSB	-	-	63,040	31,520
Public Issue	-	-	16,960	8,480
At end of period	* -	* -	80,000	40,000

* The issued and fully paid share capital consists of 2 ordinary shares of RM1.00 each.

** The issued and fully paid share capital of 2 ordinary shares of RM1.00 each was subdivided to 4 ordinary shares of RM0.50 each.

XII. ACCOUNTANTS' REPORT (CONT'D)

8.21 RESERVES

	Proforma Group RM'000
Non-distributable:	
Share premium:	
Arising from the Acquisition of CABC and Acquisition of GGSB	7,684
Arising from Public Issue (net of estimated listing expenses of RM2,000,000)	4,445
	<hr/>
	12,129
Reserve on consolidation:	
Arising from the Acquisition of CABC	8,260
	<hr/>
	<u>20,389</u>

Share premium arose from allotment of ordinary shares at premium net of share issue expenses.

The reserve on consolidation of the Group represents the difference between the consideration paid for the Acquisition of CABC and the value of attributable net assets acquired at the date of acquisition.

8.22 DEFERRED TAX LIABILITIES

The deferred tax liabilities are in respect of the followings:

	Proforma Group RM'000
Revaluation surplus of revalued properties	2,657
Temporary differences between tax capital allowances and book depreciation of property, plant and equipment	978
Allowance for doubtful debts	(71)
Unused tax capital allowances	(33)
Other temporary differences	21
	<hr/>
	<u>3,552</u>

XII. ACCOUNTANTS' REPORT (CONT'D)

As mentioned in Note 8.2, deferred tax assets are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax to be recovered. As of 30 June 2003, the amount of estimated net deferred tax assets of the Group calculated at applicable tax rates which are not recognised in the financial statements, are as follows:

	Proforma Group RM'000
Tax effects of:	
Unused tax losses	344
Unused tax capital allowances	158
Temporary differences between tax capital allowances and book depreciation of property, plant and equipment	(43)
	<hr/>
Net	<u>459</u>

The unused tax losses and unused tax capital allowances are subject to agreement by the relevant tax authorities.

8.23 COMMITMENTS

As of 30 June 2003, the Group have the following commitments in respect of capital expenditure on property, plant and equipment:

	Proforma Group RM'000
Contracted but not provided for	<u>2,777</u>

As of the end of the financial period, lease commitments pertaining to the Group in respect of rental of premises are as follows:

	Proforma Group RM'000
Not later than one year	932
Later than one year and not later than five years	1,278
	<hr/>
	<u>2,210</u>

On 28 January 2003, CAB entered into two conditional sale and purchase agreements as follows:

- a. to acquire the entire issued and paid-up share capital of CABC comprising 5,500,000 ordinary shares of RM1.00 each for a total purchase consideration of RM29,940,143 to be satisfied by the issuance of 48,143,546 new ordinary shares of RM0.50 each at an issue price of approximately RM0.6219 per ordinary share by CAB; and

XII. ACCOUNTANTS' REPORT (CONT'D)

- b. to acquire the entire issued and paid-up share capital of GGSB comprising 1,800,000 ordinary shares of RM1.00 each for a total purchase consideration of RM9,264,000 to be satisfied by the issuance of 14,896,450 new ordinary shares of RM0.50 each at an issue price of approximately RM0.6219 per ordinary share by CAB.

As of 30 June 2003, the above acquisitions have not been completed yet.

8.24 CONTINGENT LIABILITIES/ LOSS

	Proforma Group RM'000
Unsecured:	
Claims arising from dispute over acquisition of certain landed properties	<u>68</u>

In 1998, a dispute arose between a subsidiary company and a third party in respect of the outstanding sales consideration of RM500,000 (which is included in other receivables and prepaid expenses) of a parcel of land sold by the subsidiary company to the third party in 1997. The land title had been transferred to the third party in 1997. In order to protect the subsidiary company's interest until the outstanding sales consideration is paid, the subsidiary company lodged a private caveat on the land in 1998. In 1999, the subsidiary company filed in a Writ and Statement of Claim against the third party. The directors of the Group are unable to ascertain the outcome of this dispute at this juncture.

8.25 SUBSEQUENT EVENTS

Subsequent to 30 June 2003,

- a. CAB's authorised share capital of RM100,000 comprising 100,000 shares of RM1.00 each was subdivided into 200,000 shares of RM0.50 each;
- b. CAB's issued and paid-up share capital of RM2 comprising 2 ordinary shares of RM1.00 each was subdivided into 4 ordinary shares of RM0.50 each;
- c. CAB's authorised share capital was increased from RM100,000 comprising 200,000 shares of RM0.50 each to RM100,000,000 comprising 200,000,000 shares of RM0.50 each; and
- d. CAB's issued and paid-up share capital was increased from RM2 comprising 4 ordinary shares of RM0.50 each to RM31,520,000 comprising 63,040,000 ordinary shares of RM0.50 each in consideration for the acquisitions of the entire issued and paid-up share capital of CAB and GGSB.

XII. ACCOUNTANTS' REPORT (CONT'D)**9. CONSOLIDATED NET TANGIBLE ASSETS**

Based on the statement of assets and liabilities of the Proforma Group as of 30 June 2003, the proforma consolidated net tangible assets per ordinary share of RM0.50 each is as follows:

	Proforma Group
Net tangible assets of CAB Group as of 30 June 2003 (RM'000)	53,738
Number of ordinary shares in issue as of 30 June 2003 ('000) *	-
Issue of ordinary shares of RM0.50 each pursuant to the Acquisition of CAB and Acquisition of GGSB ('000)	63,040
Public Issue ('000)	16,960
	<u>80,000</u>
Net tangible assets per ordinary share of RM0.50 each of the Proforma Group	<u>0.67</u>

* The number of ordinary shares in issue as of 30 June 2003 is 2.

10. AUDITED FINANCIAL STATEMENTS

No audited financial statements have been prepared in respect of any period subsequent to 30 June 2003.

Yours faithfully,



DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants



TAN BOON HOE
1836/07/05(J)
Partner