
8. ACCOUNTANTS' REPORT
(Prepared for inclusion in this Prospectus)



BDO Binder (AF 0206)
Chartered Accountants

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Date : 20 January 2004

The Board of Directors
Ire-Tex Corporation Berhad
Suite 12-H Gurney Tower Office
18 Persiaran Gurney
10250 Penang

Dear Sirs,

This report has been prepared by Messrs BDO Binder, an approved company auditor, for inclusion in the Prospectus dated 28 January 2004, in connection with the public issue of 9,800,000 new ordinary shares of RM1.00 each and offer for sale of 8,000,000 ordinary shares of RM1.00 each in Ire-Tex Corporation Berhad (hereinafter referred to as "ITCB" or "the Company") at an issue/offer price of RM1.40 per share and the listing and quotation of its entire issued and fully paid-up share capital of ITCB comprising 40,000,000 ordinary shares of RM1.00 each on the Second Board of the Malaysia Securities Exchange Berhad (formerly known as Kuala Lumpur Stock Exchange).

A. GENERAL INFORMATION

(a) The Company

The Company was incorporated on 4 April 2002 as a private limited company in Malaysia under the name of Ire-Tex Corporation Sdn. Bhd. On 23 May 2002, the Company converted to a public limited company and assumed its present name.

The principal activity of the Company is that of an investment holding company.

(b) Share Capital

The authorised share capital of the Company is RM50,000,000 comprising 50,000,000 ordinary shares of RM1 each.

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

8. ACCOUNTANTS' REPORT (Cont'd)

Date of allotment	Number of Shares	Consideration	Cumulative issued and paid-up capital
4/4/2002	2	Subscribers' shares	2
2/9/2003	13,983,303	Issued as consideration for the acquisition of the entire issued and paid-up share capital of Ire-Tex (Malaysia) Sdn. Bhd. (ITMSB)	13,983,305
25/9/2003	-	Cash consideration for the acquisition of the entire issued and paid-up share capital of Baguda (M) Sdn. Bhd. (Baguda)	-
25/9/2003	-	Cash consideration for the acquisition of the entire of the issued and paid-up share capital of Ire-Tex Electronics Sdn. Bhd. (ITESB)	-
25/9/2003	-	Cash consideration for the acquisition of 70% of the issued and paid-up share capital of Iretex-Harta Packaging Sdn. Bhd. (ITHP)	-
25/9/2003	-	Cash consideration for the acquisition of the entire issued and paid-up share capital of Cal-Test Laboratory Sdn. Bhd. (CTLSB)	-
21/11/2003	-	Cash consideration for the acquisition of the entire of the paid-in capital of Ire-Tex Packaging Material (Xiamen) Co., Ltd. (ITPMX)	-
21/11/2003	-	Cash consideration for the acquisition of the entire of the paid-in capital of Iretex-LMS Electronics (Xiamen) Co., Ltd. (ITLMS)	-
21/11/2003	-	Cash consideration for the acquisition of the entire of the paid-in capital of Iretex-Newbillion Packaging Material (Suzhou) Co., Ltd. (ITSZ)	-
2/9/2003	4,497,642	Issued as consideration for the acquisition of the entire issued and paid-up share capital of Eppor-Pack Sdn. Bhd. (EPSB)	18,480,947
2/9/2003	971,880	Issued as consideration for the acquisition of the entire issued and paid-up share capital of GH Packaging Sdn. Bhd. (GHPSB)	19,452,827
18/12/2003	10,747,173	Rights issue at RM1.00 per share	30,200,000
	9,800,000	Public issue at RM1.40 per share	40,000,000

The purchase considerations for the acquisitions of ITMSB, Baguda, ITESB, ITHP, ITPMX, ITLMS, EPSB and GHPSB were arrived at on a willing-buyer and willing-seller basis based on the audited Net Tangible Assets as at 31 December 2001, gain on disposal of investments and proposed dividends under the listing scheme. As CTLSB and ITSZ had Net Liabilities as at 31 December 2001, the purchase considerations were at RM1 for each company.

8. ACCOUNTANTS' REPORT (Cont'd)

(e) The Subsidiary companies

Information on the subsidiary companies are as follows:-

Subsidiaries

Ire-Tex (Malaysia) Sdn. Bhd.

ITMSB was incorporated on 15 July 1995 in Malaysia as a private limited company under the Companies Act, 1965. The authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each of which 2,266,200 shares have been issued and paid-up.

ITMSB is principally engaged in the manufacturing of packaging materials for computers and the electronics industries.

Baguda (M) Sdn. Bhd.

Baguda was incorporated on 25 September 1991 in Malaysia as a private limited company under the Companies Act, 1965. The authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued share capital is RM1,500,000 comprising 1,500,000 ordinary shares of RM1.00 each.

Baguda is principally engaged as an investment holding company.

Ire-Tex Electronics Sdn. Bhd.

ITESB was incorporated on 19 September 1998 in Malaysia as a private limited company under the Companies Act, 1965. The authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM600,000 comprising 600,000 ordinary shares of RM1.00 each.

ITESB is principally engaged in the business of computer chassis preparation and sub-assembly.

LCC Distribution Sdn. Bhd.

LCC was incorporated on 1 March 2002 in Malaysia as a private limited company under the Companies Act, 1965. The authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each.

LCC is principally engaged in the business of sourcing, distributing, trading of raw materials, components, and finished products.

Iretex-Harta Packaging Sdn. Bhd.

ITHP was incorporated on 25 October 1999 in Malaysia as a private limited company under the Companies Act, 1965. The authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each.

ITHP is principally engaged in the manufacturing of packaging-related materials.

8. ACCOUNTANTS' REPORT (Cont'd)

Cal-Test Laboratory Sdn. Bhd.

CTLSB was incorporated on 12 August 2000 in Malaysia as a private limited company under the Companies Act, 1965. The authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM2 comprising 2 ordinary shares of RM1.00 each.

CTLSB is principally engaged in the calibration and testing of equipment and general products.

Ire-Tex Packaging Material (Xiamen) Co., Ltd.

ITPMX was incorporated on 4 June 1998 in China as a private limited company. The registered and paid-in capital are RM970,694.

ITPMX is principally engaged in the manufacturing and selling of protective packaging materials for computer and electronic products.

Iretex-LMS Electronics (Xiamen) Co., Ltd.

ITLMS was incorporated on 11 June 1999 in China as a private limited company. The registered and paid-in capital are RM570,663.

ITLMS is principally engaged as manufacturer and distributor of electronic products.

Iretex-Newbillion Packaging Material (Suzhou) Co., Ltd.

ITSZ was incorporated on 17 April 2001 in China as a private limited company. The registered capital is RM950,000 and the paid-in capital is RM950,000.

ITSZ commenced operations in February 2002.

ITSZ is principally engaged in the research, development, production and sales of packaging materials.

Eppor-Pack Sdn. Bhd.

EPSB was incorporated on 27 July 1995 in Malaysia as a private limited company under the Companies Act, 1965. The authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM4,500,000 comprising 4,500,000 ordinary shares of RM1.00 each.

EPSB is principally engaged as a manufacturer of packing materials and other related products.

GH Packaging Sdn. Bhd.

GHPSB was incorporated on 17 October 1992 in Malaysia as a private limited company under the Companies Act, 1965. The authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM700,000 comprising 700,000 ordinary shares of RM1.00 each.

GHPSB is principally engaged as a manufacturer of corrugated packaging materials.

8. ACCOUNTANTS' REPORT (Cont'd)

(d) Listing Scheme

In conjunction with and as part of the listing of and quotation for the entire issued and paid-up share capital of ITCB on the Second Board of the Kuala Lumpur Stock Exchange, the Company undertook a restructuring exercise involving the following:-

(i) Acquisition of Ire-Tex (Malaysia) Sdn. Bhd. ("ITMSB")

Acquisition of the entire issued and paid-up share capital of ITMSB comprising 2,266,200 ordinary shares of RM1.00 each for a total consideration of RM15,381,634 which was satisfied by the issuance of 13,983,303 new ordinary shares of RM1.00 each in ITCB at an issue price of RM1.10 per share. The consideration was arrived at based on the audited Net Tangible Assets as at 31 December 2001 of RM11,102,346 and adjusted for profit on disposals of Baguda, ITESB, ITPMX, ITLMS, ITHP, CTLSB and ITSZ totalling RM7,585,168 adjusted for payment of a tax exempt dividend amounting to RM5,438,880 and dividends received totalling RM2,133,000 (two tax exempt dividends totalling RM1,504,319 and two dividends less 28% tax totalling RM628,681). The acquisition of ITMSB was completed on 2 September 2003.

(ii) Acquisition of Baguda (M) Sdn. Bhd. ("Baguda")

Acquisition of the entire issued and paid-up share capital of Baguda comprising 1,500,000 ordinary shares of RM1.00 each for a total cash consideration of RM3,732,702. The consideration was arrived at based on the audited Net Tangible Assets as at 31 December 2001 of RM4,677,702 and adjusted for the payments of a tax exempt dividend and a dividend less tax of 28% of RM716,301 and RM228,699 respectively. The acquisition of Baguda was completed on 25 September 2003.

(iii) Acquisition of Ire-Tex Electronics Sdn. Bhd. ("ITESB")

Acquisition of the entire issued and paid-up share capital of ITESB comprising 600,000 ordinary shares of RM1.00 each for a total cash consideration of RM1,293,701. The consideration was arrived at based on the audited Net Tangible Assets as at 31 December 2001 of RM2,481,701 and adjusted for the payments of a tax exempt dividend and a dividend less tax of 28% of RM788,018 and RM399,982 respectively. The acquisition of ITESB was completed on 25 September 2003.

(iv) Acquisition of Iretex-Harta Packaging Sdn. Bhd. ("ITHP")

Acquisition of 350,000 ordinary shares of RM1.00 each which represents 70% of the issued and paid-up share capital in ITHP as at 31 December 2001 for a cash consideration of RM440,766. The consideration was arrived at based on the audited Net Tangible Assets as at 31 December 2001 of RM629,665. The acquisition of ITHP was completed on 25 September 2003.

(v) Acquisition of Cal-Test Laboratory Sdn. Bhd. ("CTLSB")

Acquisition of the entire issued and paid-up share capital of CTLSB comprising 2 ordinary shares of RM1.00 each for a nominal cash consideration of RM1. The nominal consideration was because CTLSB had Net Liabilities as at 31 December 2001 of RM106,719. The acquisition of CTLSB was completed on 25 September 2003.

8. ACCOUNTANTS' REPORT (Cont'd)

(vi) Acquisition of Ire-Tex Packaging Material (Xiamen) Co., Ltd. ("ITPMX")

Acquisition of the entire paid-in capital of ITPMX of RM970,694 for a total cash consideration of RM7,089,212. The consideration was arrived at based on the audited Net Tangible Assets as at 31 December 2001 of RM7,089,212. The acquisition of ITPMX was completed on 21 November 2003.

(vii) Acquisition of Iretex-LMS Electronics (Xiamen) Co., Ltd. ("ITLMS")

Acquisition of the entire paid-in capital of ITLMS of RM570,663 for a total cash consideration of RM716,835. The consideration was arrived at based on the audited Net Tangible Assets as at 31 December 2001 of RM716,835. The acquisition of ITLMS was completed on 21 November 2003.

(viii) Acquisition of Iretex-Newbillion Packaging Material (Suzhou) Co., Ltd. ("ITSZ")

Acquisition of the entire paid-in capital of ITSZ of RM190,000 as at 31 December 2001 for a nominal cash consideration of RM1. The nominal consideration was RM1.00 because ITSZ had Net Liabilities as at 31 December 2001 of RM349,587.

Subsequently, on 23 April 2002, the paid-in capital of ITSZ was additionally increased from RM190,000 to RM950,000. As at 31 December 2002, ITSZ had net liabilities of RM184,214. As such, ITCB has acquired the additional increased paid-in capital of ITSZ of RM760,000 for the same nominal cash consideration of RM1 as mentioned above for ITSZ to be a wholly owned subsidiary of ITCB.

The acquisition of ITSZ was completed on 21 November 2003.

(ix) Acquisition of Eppor-Pack Sdn. Bhd. ("EPSB")

Acquisition of the entire issued and paid-up share capital of EPSB comprising 4,500,000 ordinary shares of RM1.00 each for a total consideration of RM4,947,408 which was satisfied by the issuance of 4,497,642 new ordinary shares of RM1.00 each in ITCB at an issue price of RM1.10 per share. The consideration was arrived at based on the audited Net Tangible Assets as at 31 December 2001 of RM4,947,408. The acquisition of EPSB was completed on 2 September 2003.

(x) Acquisition of GH Packaging Sdn. Bhd. ("GHPSB")

Acquisition of the entire issued and paid-up share capital of GHPSB comprising 700,000 ordinary shares of RM1.00 each for a total consideration of RM1,069,068 which was satisfied by the issuance of 971,880 new ordinary shares of RM1.00 each in ITCB at an issue price of RM1.10 per share. The consideration was arrived at based on the audited Net Tangible Assets as at 31 December 2001 of RM1,069,068. The acquisition of GHPSB was completed on 2 September 2003.

Rights Issue

A rights issue for cash of 10,747,173 new ordinary shares of RM1.00 each at the issue price of RM1.00 each on the basis of approximately 552 new shares for every one thousand existing shares held based on the issued and paid-up share capital of 19,452,827 shares after the Acquisitions.

8. ACCOUNTANTS' REPORT (Cont'd)

The rights issue resulted in the issued and paid-up share capital of ITCB being increased from RM19,452,827 to RM30,200,000.

The rights issue were completed on 18 December 2003.

The public issue

A public issue for cash of 9,800,000 new ordinary shares of RM1.00 at the issue price of RM1.40 each. The public issue resulted in the issued and paid-up share capital of ITCB being increased from RM30,200,000 to RM40,000,000.

Offer for sale

Proposed offer for sale of 8,000,000 ordinary shares of RM1.00 each in Ire-Tex Corporation Berhad at an offer price of RM1.40 per ordinary share by certain shareholders to eligible Directors and employees of the Group and to the Bumiputera investors.

B. AUDITORS

ITMSB

BDO Binder was first appointed auditors on 13 November 1995.

The audited financial statements for the past five years were not subject to any audit qualifications.

Baguda

BDO Binder was first appointed auditors on 5 December 1997.

The audited financial statements for the years/periods under review were not subject to any audit qualifications.

ITESB

BDO Binder was first appointed auditors on 24 September 1998.

There were no qualifications in the auditors' reports of the Company for the years/periods under review.

ITHP

BDO Binder was first appointed auditors on 19 November 2001.

There were no qualifications in the auditors' reports of the Company for the years/period under review.

CTLSB

BDO Binder was first appointed auditors on 19 September 2000.

There were no qualifications in the auditors' reports of the Company for the period under review.

8. ACCOUNTANTS' REPORT (Cont'd)

ITPMX

BDO International was first appointed auditors for the period ended 31 December 1998.
The Company's audited financial statements for the years/periods ended were not subject to any audit qualifications.

ITLMS

BDO International was first appointed auditors for the period ended 31 December 1999.
The Company's audited financial statements for the years/periods ended were not subject to any audit qualifications.

ITSZ

BDO International was first appointed auditors for the period ended 31 December 2001.
The Company's audited financial statements for the period ended was not subject to any audit qualification.

EPSB

Lim, Tay & Co were first appointed auditors on 27 July 1995.
The Company's audited financial statements for the years/period ended under review were not subject to any audit qualifications.

GHPSB

K. H. Chew & Co. were first appointed auditors on 12 October 1998.
The Company's audited financial statements for the years/periods ended under review were not subject to any audit qualifications.

LCC

BDO Binder was first appointed auditors on 27 March 2002.
There were no qualifications in the auditors' reports of the Company for the period under review.

8. ACCOUNTANTS' REPORT (Cont'd)**C. SUMMARISED INCOME STATEMENTS**

We set out below the proforma consolidated financial results of ITCB Group based on the audited financial statements for the last five financial years ended 31 December 2002 and seven-months ended 31 July 2003 prepared on the assumption that the group structure has been in existence prior to 1998 and provided for illustrative purposes only.

	← Financial Year Ended 31 December →					1/1/03 –
	1998	1999	2000	2001	2002	31/7/03
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Proforma Group						
Revenue	24,724	37,672	49,835	66,720	59,400	35,102
EBIDTA	5,562	8,125	8,179	10,635	9,380	6,260
Depreciation	(940)	(1,317)	(1,809)	(2,094)	(2,227)	(1,359)
Interest Expenses	(657)	(528)	(411)	(362)	(331)	(209)
Amortisation of Deferred Expenditure	(71)	(177)	-	-	-	-
Profit Before Exceptional Item	3,894	6,103	5,959	8,179	6,822	4,692
Exceptional Item	-	-	-	504	-	-
Profit Before Taxation	3,894	6,103	5,959	8,683	6,822	4,692
Taxation	(1,257)	(83)	(1,384)	(1,423)	(807)	(583)
Profit After Taxation	2,637	6,020	4,575	7,260	6,015	4,109
Minority Interest	-	-	15	(53)	36	(200)
Profit After Taxation and Minority Interest and Exceptional Item	2,637	6,020	4,590	7,207	6,051	3,909
Number of RM1 Ordinary Shares ('000)						
Issued and Fully Paid-up	30,200	30,200	30,200	30,200	30,200	30,200
Proforma gross earnings per share (sen)	12.89	20.21	19.73	28.75	22.59	*26.63
Proforma net earnings per share (sen)	8.73	19.93	15.20	23.86	20.04	*22.19

* Annualised

Notes

- (1) The above proforma consolidated financial results have been prepared based on the audited financial statements of ITCB, ITMSB, Baguda, ITESB, ITHP, CTLSB, ITPMX, ITLMS, ITSZ, LCC, EPSB and GHPSB.
- (2) The revenue and profit before taxation have been on an upward trend except for the financial year ended 31 December 2002.

8. ACCOUNTANTS' REPORT (Cont'd)

In 1999, revenue increased mainly due to full operations from its subsidiary companies especially ITESB and new customers from United States of America. The Group continued to expand its business in China by incorporating a new subsidiary company, ITLMS.

In 2000 and 2001, the Group's revenue improved further with all companies enjoying continuing growth in the demand for their products especially from the China market as the Group received new orders for the production of new models from their customers.

In 2002, revenue decreased mainly due to general slow down in the world economy.

- (3) The pre-tax profit margin of the Group ranges from 11.48% to 16.20% for the past five (5) financial years ended 31 December 1998 to 2002 and seven (7) months period ended 31 July 2003.
- (4) The results of ITESB, EPSB and GHPSB from 1998 to 2000 have been adjusted on a time apportionment basis to coincide with the financial year end 31 December.
- (5) There was a prior year adjustment in respect of the 1999 results of ITPMX which has been incorporated accordingly in the income statement of the company as detailed in the Accountants' Report.
- (6) The proforma gross earnings per share has been calculated based on profit before taxation and the number of ordinary shares assumed in issue is 30,200,000 ordinary shares of RM1 each after the acquisition of subsidiary companies and rights issue but before public issue as in the restructuring exercise.
- (7) The proforma net earnings per share has been calculated based on profit after taxation and the number of ordinary shares assumed in issue is 30,200,000 ordinary shares of RM1 each after the acquisition of subsidiary companies and rights issue but before public issue as in the restructuring exercise.
- (8) The effective tax rate for 1998 was higher than the statutory tax rate due to certain tax disallowable expenses. The rate in 1999 was low due to tax waiver for Year of Assessment 2000(PYB). In 2000 to 2002, rates were low due to reinvestment allowances (RA) available for set off against profits. Profits from subsidiary companies in China were tax exempted under the Income Tax Law of People's Republic of China for enterprises with foreign investment and foreign enterprises. These companies are exempted from income tax in its first two profit-making years and are entitled to 50% income tax reduction in the subsequent three years of operations. Enterprises located in the Xiamen Special Economic Zone are subject to income tax at the rate of 15%.
- (9) Save for the exceptional item amounting to RM503,600 in respect of a gain on disposal of an associated company for the financial year ended 31 December 2001, there were no extraordinary and exceptional items for all the financial years/period under review.

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

	← Financial Year Ended 31 December →					1/1/03 –
	1998	1999	2000	2001	2002	31/7/03
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	16,638	20,814	24,111	29,488	22,723	11,188
EBIDTA	3,615	3,755	3,349	2,841	4,354	7,140
Depreciation	(206)	(315)	(474)	(603)	(677)	(397)
Interest Expenses	(90)	(57)	(30)	(48)	(108)	(63)
Amortisation of Deferred Expenditure	(53)	(107)	-	-	-	-
Profit Before Taxation	3,266	3,276	2,845	2,190	3,569	6,680
Taxation	(925)	(1)	(800)	(591)	(349)	(337)
Profit After Taxation	2,341	3,275	2,045	1,599	3,220	6,343
Number of RM1 Ordinary Shares ('000) Issued and Fully Paid-up	755	2,266	2,266	2,266	2,266	2,266
Gross Earnings Per Share (RM)	4.33	1.45	1.26	0.97	1.58	*5.05
Net Earnings Per Share (RM)	3.10	1.45	0.90	0.71	1.42	*4.80
Gross dividend per share (%)	-	-	-	-	-	240.02
* Annualised						

Notes

- (1) The above results are based on the audited financial statements after certain comparative figures have been reclassified to conform with current financial years' presentation.
- (2) Revenue has been on an upward trend for the past four years mainly due to increase in demand for its products.

In 2002, revenue decreased mainly due to general slowdown in the world economy.
- (3) The effective tax rate for 1999 was lower than the statutory tax rate due to the tax waiver year. Taxation charged on profit for 2001 was slightly lower due to reinvestment allowances available for set off against profit. In 2002, effective tax rate was low due to tax exempt dividend received from foreign subsidiary.
- (4) There were no exceptional or extraordinary items in respect of the financial years under review.
- (5) The gross earnings per share has been calculated based on the profit before taxation and the number of ordinary shares in issue at the respective financial year end.
- (6) The net earnings per share has been calculated based on the profit after taxation and the number of ordinary shares in issue at the respective financial year end.
- (7) In 2003, the gross dividend of 240.02% was in respect of payment of a tax exempt dividend of RM5,438,880.

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

	10 Months Ended 31 December					1/1/03 – 31/7/03
	← 1998	← 1999	← 2000	← 2001	← 2002	← 2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	780	1,200	960	960	210	210
EBIDTA	724	1,172	926	820	121	162
Depreciation	(111)	(148)	(152)	(164)	(164)	(96)
Interest Expenses	(295)	(256)	(177)	(128)	(94)	(40)
Amortisation of Deferred Expenditure	(17)	(69)	-	-	-	-
Profit/(Loss) Before Taxation	301	699	597	528	(137)	26
Taxation (Note 6)	(96)	(29)	(173)	(155)	9	(8)
Profit/(Loss) After Taxation	205	670	424	373	(128)	18
Number of RM1 Ordinary Shares ('000) Issued and Fully Paid-up	1,500	1,500	1,500	1,500	1,500	1,500
Gross Earnings/(Loss) Per Share (RM)	*0.24	0.47	0.40	0.35	(0.09)	*0.03
Net Earnings/(Loss) Per Share (RM)	*0.16	0.45	0.28	0.25	(0.09)	*0.02
Gross dividend per share (%)	-	-	-	-	-	68.93
* Annualised						

Notes

- (1) The above results are based on the audited financial statements after certain comparative figures have been reclassified to conform with current financial years' presentation.
- (2) The Company was incorporated on 25 September 1991 and commenced operations on 1 April 1998.
- (3) In 1999, revenue increased due to increase in rental rates. However, in 2000, Baguda reduced the rental rates thereby causing the decrease in revenue.

In 2002, revenue decreased as its tenants ITMSB and ITESB had relocated in March and April respectively.

Baguda only managed to rent out the factory to a new tenant, LCC in November 2002.
- (4) In 1999, the Company's effective tax rate was lower than statutory tax rate due to tax waiver for Year of Assessment 2000. However, effective tax rates for the other years were high due to non-deductibility of certain expenses for tax purposes.

In 2002, there was no taxation charged as the Company suffered a loss. The tax benefit was due to the reversal of deferred taxation.
- (5) There were no exceptional or extraordinary items in respect of the financial years/period under review.

8. ACCOUNTANTS' REPORT (Cont'd)

- (6) In 2003, there was a change in accounting policy with respect to the provision for deferred taxation on revaluation surplus to comply with MASB 25 : Income Taxes. This change has been accounted for retrospectively.

	1998	1999	2000	2001	2002
<u>Taxation</u>	RM'000	RM'000	RM'000	RM'000	RM'000
Per audited	102	38	182	164	**
Adjustments	(6)	(9)	(9)	(9)	(9)
As restated	96	29	173	155	(9)

** Tax assets of RM844

- (7) The gross earnings per share has been calculated based on the profit before taxation and the number of ordinary shares in issue at the respective financial year end.
- (8) The net earnings per share has been calculated based on the profit after taxation and the number of ordinary shares in issue at the respective financial year end.
- (9) In 2003, the gross dividend of 68.93% was in respect of payments of a tax exempt dividend and a dividend less tax of 28% of RM716,301 and RM228,699 respectively.

ITESB

	Period Ended				
	19/9/98 – 31/12/99 1999	←Year Ended 31 December → 2000	2001	2002	1/1/03 – 31/7/03 2003
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	2,512	3,096	3,761	4,511	1,277
EBIDTA	1,165	1,220	832	952	576
Depreciation	(32)	(53)	(121)	(116)	(54)
Interest Expenses	-	-	-	(2)	(4)
Profit Before Taxation	1,133	1,167	711	834	518
Taxation	(67)	(359)	(203)	(264)	(133)
Profit After Taxation	1,066	808	508	570	385
Number of RM1 Ordinary Shares ('000) Issued and Fully Paid-up	100	100	600	600	600
Gross Earnings Per Share (RM)	*8.50	11.67	1.19	1.39	*1.48
Net Earnings Per Share (RM)	*8.00	8.08	0.85	0.95	*1.1
Gross dividend per share (%)	-	-	-	-	223.92

* Annualised

Notes

- (1) The above results are based on the audited financial statements after certain comparative figures have been reclassified to conform with current financial years' presentation.

8. ACCOUNTANTS' REPORT (Cont'd)

- (2) The Company was incorporated and commenced operations on 19 September 1998.
- (3) In 2000 and 2001, revenue increased mainly due to increase in demand from its main customers. Its new customers from Singapore and Thailand also contributed to the increase in revenue.
- In 2002, revenue increased mainly due to sales made to its related company.
- (4) The effective tax rate for 1999 was lower than the statutory tax rate due to tax waiver for Year of Assessment 2000. However, the effective tax rates for the other years were high due to non-deductibility of certain expenses for tax purposes.
- (5) There were no exceptional or extraordinary items in respect of the financial years/period under review.
- (6) The gross earnings per share has been calculated based on the profit before taxation and the number of ordinary shares in issue at the respective financial year end.
- (7) The net earnings per share has been calculated based on the profit after taxation and the number of ordinary shares in issue at the respective financial year end.
- (8) In 2003, the gross dividend of 223.92% was in respect of payments of a tax exempt dividend and a dividend less tax of 28% of RM788,018 and RM399,982 respectively.

ITHP

	Period Ended			
	25/10/99 – 31/12/00 2000 RM'000	← Year Ended 31 December 2001 RM'000	→ 2002 RM'000	1/1/03 – 31/7/03 2003 RM'000
Revenue	145	3,078	3,390	1,612
EBIDTA	(40)	261	339	134
Depreciation	(5)	(12)	(24)	(18)
Interest Expenses	*	-	(2)	(2)
(Loss)/Profit before taxation	(45)	249	313	114
Taxation	-	(74)	(92)	(25)
(Loss)/Profit After Taxation	(45)	175	221	89
Number of RM1 Ordinary Shares ('000) Issued and Fully Paid-up	200	500	500	500
Gross (Loss)/ Earnings Per Share (RM)	**(0.19)	0.50	0.63	**0.39
Net (Loss)/Earnings Per Share (RM)	**(0.19)	0.35	0.44	**0.31

* Interest expense of RM17

** Annualised

Notes

8. ACCOUNTANTS' REPORT (Cont'd)

- (1) The above results are based on the audited financial statements after certain comparative figures have been reclassified to conform with current financial years' presentation.
- (2) The company was incorporated on 25 October 1999 and commenced business in November 2000. A significant increase in the revenue in 2001 was mainly due to full operations in 2001.

In 2002, revenue increased slightly as compared to 2001 due to increase orders from its existing customers.

The Company's major customer is its holding company, ITMSB.

- (3) The Company suffered losses in 2000 and there was no tax liability for that year. The effective tax rate in 2001 and 2002 were slightly higher than the statutory tax rate due to certain tax disallowable expenses.
- (4) There were no exceptional or extraordinary items in respect of the financial years/period under review.
- (5) The gross (loss)/earnings per share has been calculated based on the (loss)/profit before taxation and the number of ordinary shares in issue at the respective financial year end.
- (6) The net (loss)/earnings per share has been calculated based on the (loss)/profit after taxation and the number of ordinary shares in issue at the respective financial year end.

CTLSB

	Period Ended 12/8/00 – 31/12/01 2001 RM'000	Year Ended 31 December 2002 RM'000	1/1/03 – 31/7/03 2003 RM'000
Revenue	73	229	111
EBIDTA	(100)	(12)	(18)
Depreciation	(7)	(21)	(18)
Interest Expenses	-	-	-
Loss Before Taxation	(107)	(33)	(36)
Taxation	-	-	30
Loss After Taxation	(107)	(33)	(6)
Number of RM1 Ordinary Shares ('000) Issued and Fully Paid-up	*	*	*
Gross Loss Per Share (RM)	**(37,760)	(16,500)	**(30,860)
Net Loss Per Share (RM)	**(37,760)	(16,500)	**(5,140)

* Issued and fully paid-up RM2

** Annualised

Notes

- (1) The above results are based on the audited financial statements.

8. ACCOUNTANTS' REPORT (Cont'd)

- (2) The Company was incorporated on 12 August 2000 and commenced operations on 1 July 2001. Revenue was mainly from holding company, ITMSB and the rest from companies related to the directors.
- (3) A significant increase in revenue in 2002 was mainly due to full operation in the year. There was no taxation charged as the Company suffered losses for the period/year.
- (4) There were no exceptional or extraordinary items in respect of the financial years/period under review.
- (5) The gross loss per share has been calculated based on the loss before taxation and the number of ordinary shares in issue at the respective financial year end.
- (6) The net loss per share has been calculated based on the loss after taxation and the number of ordinary shares in issue at the respective financial year end.

ITPMX

	Period Ended					
	4/6/98 – 31/12/98 1998 RM'000	← Year Ended 31 1999 RM'000	December 2000 RM'000	→ 2001 RM'000	2002 RM'000	1/1/03 – 31/7/03 2003 RM'000
Revenue	824	6,290	7,118	13,562	14,278	9,570
EBIDTA	302	1,733	1,282	3,983	3,872	3,419
Depreciation	(10)	(59)	(238)	(263)	(273)	(163)
Interest Expenses	-	-	-	-	-	-
Prior Year Adjustments	292 (195)	1,674 -	1,044 -	3,720 -	3,599 -	3,256 -
Profit Before Taxation	97	1,674	1,044	3,720	3,599	3,256
Taxation	(51)	-	-	(310)	(270)	(247)
Profit After Taxation	46	1,674	1,044	3,410	3,329	3,009
Paid-in Capital (RM'000)	724	971	971	971	971	971
Gross Earnings Per Share (RM)	N/A	N/A	N/A	N/A	N/A	N/A
Net Earnings Per Share (RM)	N/A	N/A	N/A	N/A	N/A	N/A

Notes

- (1) The above results are based on the audited financial statements after adjustment as per note (6) below.
- (2) The above results are based on the audited financial statements after certain comparative figures have been reclassified to conform with current years' presentation.
- (3) The Company was incorporated and commenced operations on 4 June 1998.

8. ACCOUNTANTS' REPORT (Cont'd)

- (4) A significant increase in revenue in 1999 was mainly due to full operation in the year and increase in demand from its major customer.

Revenue has been on an upward trend for the past four years mainly due to increase in demand from its major customer as a result of the major customer transferring its business from Japan to China.

- (5) Enterprises located in the Xiamen Special Economic Zone are subject to income tax at 15%. Under the People's Republic of China's Income Tax Law, enterprises with foreign investment and foreign enterprises are exempted from income tax in its first two profit-making years and are entitled to 50% income tax reduction in the subsequent three years of operations.

The Company has elected 1999 as its first tax exemption year and 2001 and 2002 were the first two years the Company enjoyed a 50% reduction in the income tax rate to 7.5%.

- (6) The prior year adjustment in 1999 was in respect of a change in accounting policy whereby pre-operating expenses were written off in the year incurred in order to comply with the requirement of IAS 38.
- (7) There were no exceptional or extraordinary items in respect of the financial years/period under review.
- (8) The Company paid a dividend of RM1,376,148 and RM3,669,725 in 2002 and 2003 respectively.

ITLMS

	Period Ended 11/6/99 – 31/12/99 1999 RM'000	← Year Ended 31 December 2000 RM'000	Year Ended 31 December 2001 RM'000	→ 2002 RM'000	1/1/03 – 31/7/03 2003 RM'000
Revenue	362	569	7,737	10,254	104
EBIDTA	(183)	(60)	443	623	(93)
Depreciation	(2)	(25)	(26)	(28)	(14)
Interest Expenses	-	-	-	-	-
(Loss)/Profit Before Taxation	(185)	(85)	417	595	(107)
Taxation	-	-	-	-	-
(Loss)/Profit After Taxation	(185)	(85)	417	595	(107)
Paid-in Capital (RM'000)	476	571	571	571	571
Gross Earnings Per Share (RM)	N/A	N/A	N/A	N/A	N/A
Net Earnings Per Share (RM)	N/A	N/A	N/A	N/A	N/A

Notes

- (1) The above results are based on the audited financial statements after certain comparative figures have been reclassified to conform with current years' presentation.

8. ACCOUNTANTS' REPORT (Cont'd)

- (2) The Company was incorporated and commenced operations on 11 June 1999.

The Company temporarily ceased production in June 2000 as its existing products had reached a declining stage of the product life cycle.

However, the Company recommenced operations in July 2001 when they received orders for the production of new models from its major customer.

In 2002, revenue increased mainly due to full operations of the new models.

The lower revenue for the 7 months ended 31 July 2003 was mainly due to its existing products have reached a declining stage of the product cycle.

- (3) Enterprises located in the Xiamen Special Economic Zone are subject to income tax at 15%. Under the People's Republic of China's Income Tax Law, enterprises with foreign investment and foreign enterprises, are exempted from income tax in its first two profit-making years and are entitled to 50% income tax reduction in the subsequent three years of operations.

The Company has elected 2001 as its first tax exemption year.

- (4) There were no exceptional or extraordinary items in respect of the financial years/period under review.

ITSZ

	Period Ended 17/4/01 – 31/12/01 2001 RM'000	Year Ended 31 December 2002 RM'000	1/1/03 – 31/7/03 2003 RM'000
Revenue	-	765	678
EBIDTA	(525)	(552)	(193)
Depreciation	(14)	(42)	(26)
Interest Expenses	-	-	-
Loss Before Taxation	(539)	(594)	(219)
Taxation	-	-	-
Loss After Taxation	(539)	(594)	(219)
Paid-in Capital (RM'000)	190	950	950
Gross Earnings Per Share (RM)	N/A	N/A	N/A
Net Earnings Per Share (RM)	N/A	N/A	N/A

Notes

- (1) The above results are based on the audited financial statements.

8. ACCOUNTANTS' REPORT (Cont'd)

- (2) The Company was incorporated on 17 April 2001 and commenced operations in February 2002.
- (3) There were no exceptional or extraordinary items in respect of the financial year/period under review.

EPSB

	← Year Ended →		Period Ended	← Year Ended →		1/1/03 –
	31 September	1999	1/10/99 – 31/12/00	31 December	2002	31/7/03 – 2003
	1998	1999	2000	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,539	3,842	10,434	6,618	2,192	1,760
EBIDTA	682	592	873	1,284	433	372
Depreciation	(429)	(432)	(651)	(538)	(539)	(315)
Interest Expenses	(194)	(145)	(107)	(67)	(6)	(21)
Profit/(Loss) Before Exceptional Item	59	15	115	679	(112)	36
Exceptional Item	-	-	-	504	-	-
Profit/(Loss) Before Taxation	59	15	115	1,183	(112)	36
Taxation	(93)	(89)	(32)	(15)	209	(19)
(Loss)/Profit After Taxation	(34)	(74)	83	1,168	97	17
Number of RM1 Ordinary Shares ('000) Issued and Fully Paid-up	4,500	4,500	4,500	4,500	4,500	4,500
Gross Earnings/(Loss) Per Share (RM)	0.01	*	**0.02	0.26	(0.02)	**0.01
Net (Loss)/Earnings Per Share (RM)	(0.01)	(0.02)	**0.01	0.26	0.02	**0.01

* Gross EPS in 1999 is 0.003

** Annualised

Notes

- (1) The above results are based on the audited financial statements after certain comparative figures have been reclassified to conform with current years' presentation.
- (2) The fluctuations noted in revenue were mainly due to the fluctuating demand from its major customers.
- In 2002, revenue decreased mainly due to general slow down in the world economy.
- (3) The effective tax rates in 1998 and 2000 were higher than the statutory tax rate due to over-provision of deferred taxation. The effective tax rates in 2001 and 2002 were low due to the reversal of deferred taxation from the income statement which have been over-provided in prior years.

8. ACCOUNTANTS' REPORT (Cont'd)

- (4) Exceptional item amounting to RM503,600 was in respect of a gain on disposal of an associated company.
- (5) There was no extraordinary item during the financial years under review.
- (6) The gross earnings/(loss) per share has been calculated based on the profit/(loss) before taxation and the number of ordinary shares in issue at the respective financial year end.
- (7) The net (loss)/earnings per share has been calculated based on the (loss)/profit after taxation and the number of ordinary shares in issue at the respective financial year end.

GHPSB

	← Year Ended 30 September →			3 months Ended 31 December	← Year Ended → 31 December		1/1/03 – 31/7/03
	1998	1999	2000	2000	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	4,470	7,227	11,114	3,052	8,921	8,172	4,259
EBIDTA	315	44	660	235	774	841	338
Depreciation	(141)	(301)	(331)	(87)	(346)	(335)	(206)
Interest Expenses	(97)	(70)	(126)	(24)	(116)	(119)	(74)
Profit/(Loss) Before Taxation	77	(327)	203	124	312	387	58
Taxation	(36)	42	(24)	-	(66)	(41)	(16)
Profit/(Loss) After Taxation	41	(285)	179	124	246	346	42
Number of RM1 Ordinary Shares ('000)							
Issued and Fully Paid-up	400	700	700	700	700	700	700
Gross Earnings/(Loss) Per Share (RM)	0.19	(0.47)	0.29	* 0.71	0.45	0.55	*0.14
Net Earnings/(Loss) Per Share (RM)	0.10	(0.41)	0.26	* 0.71	0.35	0.49	*0.10

* Annualised

Notes

- (1) The above results are based on the audited financial statements and certain comparative figures have been reclassified to conform with current years' presentation.
- (2) The Company was incorporated on 17 October 1992 and commenced operations on 1 October 1996.
- (3) In 1999 and 2000, revenue increased significantly mainly due to the increasing demand for packaging materials especially from the electronics and information technology industries.
- (4) There were no exceptional or extraordinary items in respect of the financial years/period under review.

8. ACCOUNTANTS' REPORT (Cont'd)

- (5) The effective tax rate in 1998 was higher than statutory tax rate due to certain tax disallowable expenses. The subsequent years' effective tax rates were low due to the availability of reinvestment allowances to set off against profits.
- (6) The gross (loss)/earnings per share has been calculated based on the (loss)/profit before taxation and the number of ordinary shares in issue at the respective financial year end.
- (7) The net (loss)/earnings per share has been calculated based on the (loss)/profit after taxation and the number of ordinary shares in issue at the respective financial year end.

LCC

	Period Ended	
	1/3/02 – 31/12/02 2002 RM'000	1/1/03 – 31/7/03 2003 RM'000
Revenue	390	5,137
EBIDTA	218	483
Depreciation	(8)	(58)
Interest Expenses	(1)	(7)
(Loss)/Profit Before Taxation	(209)	418
Taxation	-	(64)
(Loss)/Profit After Taxation	(209)	354
Number of RM1 Ordinary Shares ('000)		
Issued and Fully Paid-up	*	500
Gross (Loss)/Earnings Per Share (RM)	**(125,400)	**1.43
Net (Loss)/Earnings Per Share (RM)	**(125,400)	**1.21

- * Issued and fully paid-up RM2
** Annualised

Notes

- (1) The above results are based on the audited financial statements.
- (2) The Company was incorporated on 1 March 2002 and commenced operations on 1 November 2002.
- (3) The effective tax rate for the 7 months period ended 31 July 2003 was lower mainly due to utilisation of unabsorbed losses and capital allowances.
- (4) There were no exceptional or extraordinary items in respect of the financial years/period under review.
- (5) The gross (loss)/earnings per share has been calculated based on the (loss)/profit before taxation and the number of ordinary shares in issue at the respective financial year end.
- (6) The net (loss)/earnings per share has been calculated based on the (loss)/profit after taxation and the number of ordinary shares in issue at the respective financial year end.

8. ACCOUNTANTS' REPORT (Cont'd)**E. SUMMARISED BALANCE SHEETS**

The balance sheets of the Company, ITMSB, Baguda, ITESB, ITHP, CTLSB, ITPMX, ITLMS, ITSZ, LCC, EPSB and GHPSB for the financial years/periods under review, are summarised as follows:-

The Company or ITCB

	As at 31 December* 2002 RM'000	As at 31 July 2003 RM'000
Assets employed,		
Current Assets	1	3
Current Liabilities	(529)	(554)
Net Current Liabilities	(528)	(551)
Deferred Expenditure	508	529
	<u>(20)</u>	<u>(22)</u>
Financed by,		
Share Capital	**	**
Accumulated losses	(20)	(22)
	<u>(20)</u>	<u>(22)</u>

* The Company was incorporated on 4 April 2002 and its first audited financial statements was for the period ended 31 December 2002.

** Being two fully paid-up ordinary shares of RM1.00 each.

ITMSB

	← As at 31 December →					As at 31 July
	1998	1999	2000	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets employed,						
Property, Plant and Equipment	1,172	1,385	2,091	2,415	2,772	2,836
Investment in Subsidiary Companies	3,864	4,585	4,820	5,220	5,981	5,981
Other Investment, At Cost	46	46	46	46	1,246	1,246
Current Assets	4,287	6,245	7,502	9,562	9,471	13,882
Current Liabilities	(5,070)	(4,517)	(4,397)	(5,612)	(3,980)	(7,805)
Net Current (Liabilities)/Assets	(783)	1,728	3,105	3,950	5,491	6,077
Deferred expenditure	107	-	-	-	-	-
	<u>4,406</u>	<u>7,744</u>	<u>10,062</u>	<u>11,631</u>	<u>15,490</u>	<u>16,140</u>
Financed by,						
Share Capital	755	2,266	2,266	2,266	2,266	2,266
Retained Profits	3,428	5,192	7,237	8,836	12,056	12,960
	<u>4,183</u>	<u>7,458</u>	<u>9,503</u>	<u>11,102</u>	<u>14,322</u>	<u>15,226</u>
Deferred and Long Term Liabilities	223	286	559	529	1,168	914
	<u>4,406</u>	<u>7,744</u>	<u>10,062</u>	<u>11,631</u>	<u>15,490</u>	<u>16,140</u>
Net Tangible Assets Per Share (RM)	5.40	3.29	4.19	4.90	6.32	6.72

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

	← As at 31 December →					As at 31
	1998*	1999	2000	2001	2002	July 2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets employed,						
Property, Plant and Equipment	7,303	7,154	7,162	6,997	6,833	6,737
Current Assets	857	1,175	875	707	424	226
Current Liabilities	(2,483)	(2,259)	(2,223)	(1,904)	(1,992)	(2,836)
Net Current Liabilities	(1,626)	(1,084)	(1,348)	(1,197)	(1,568)	(2,610)
Deferred Expenditure	69	-	-	-	-	-
	<u>5,746</u>	<u>6,070</u>	<u>5,814</u>	<u>5,800</u>	<u>5,265</u>	<u>4,127</u>
Financed by,						
Share Capital	1,500	1,500	1,500	1,500	1,500	1,500
Revaluation Reserve **	1,091	1,069	1,047	1,025	1,003	981
Retained Profits **	222	914	1,359	1,754	1,648	743
	<u>2,813</u>	<u>3,183</u>	<u>3,906</u>	<u>4,279</u>	<u>4,151</u>	<u>3,224</u>
Deferred and Long Term Liabilities**	<u>2,933</u>	<u>2,587</u>	<u>1,908</u>	<u>1,521</u>	<u>1,114</u>	<u>903</u>
	<u>5,746</u>	<u>6,070</u>	<u>5,814</u>	<u>5,800</u>	<u>5,265</u>	<u>4,127</u>
Net Tangible Assets Per Share (RM)	1.88	2.12	2.60	2.85	2.77	2.15

* The company was incorporated on 25 September 1991 and commenced business on 1 April 1998. The Company changed its accounting year end from 28 February to 31 December in year 1998.

** In 2003, there was a change in accounting policy with respect to the provision for deferred taxation to comply with MASB 25 Income Taxes. This change has been accounted for retrospectively.

	1998	1999	2000	2001	2002
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>As previously stated</u>					
Revaluation Reserve	1,539	1,539	1,539	1,539	1,539
Retained Profits	199	860	1,275	1,639	1,502
Deferred and Long Term Liabilities	2,508	2,171	1,500	1,122	724
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>As restated</u>					
Revaluation Reserve	1,091	1,069	1,047	1,025	1,003
Retained Profits	222	914	1,359	1,754	1,648
Deferred and Long Term Liabilities	2,933	2,587	1,908	1,521	1,114

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

	← As At 31 December →				As at 31
	1999*	2000	2001	2002	July 2003
	RM'000	RM'000	RM'000	RM'000	RM'000
Assets employed,					
Property, Plant and Equipment	190	273	336	196	140
Investment in a Subsidiary Company	-	-	-	-	255
Current Assets	1,404	2,341	2,700	4,301	3,236
Current Liabilities	(429)	(603)	(514)	(1,421)	(1,363)
Net Current Assets	975	1,738	2,186	2,880	1,873
	1,165	2,011	2,522	3,076	2,268
Financed by,					
Share Capital	100	100	600	600	600
Retained Profits	1,065	1,874	1,882	2,452	1,649
	1,165	1,974	2,482	3,052	2,249
Deferred and Long Term Liabilities	-	37	40	24	19
	1,165	2,011	2,522	3,076	2,268
Net Tangible Assets Per Share (RM)	11.65	19.74	4.14	5.09	3.75

* The Company was incorporated and commenced operations on 19 September 1998.

ITHP

	← As at 31 December →			As at 31
	2000*	2001	2002	July 2003
	RM'000	RM'000	RM'000	RM'000
Assets employed,				
Property, Plant and Equipment	66	89	190	175
Current Assets	379	1,379	1,259	1,363
Current Liabilities	(290)	(834)	(533)	(541)
Net Current Assets	89	545	726	822
	155	634	916	997
Financed by,				
Share Capital	200	500	500	500
(Accumulated losses)/Retained Profits	(45)	129	351	440
	155	629	851	940
Deferred and Long Term Liabilities	-	5	65	57
	155	634	916	997
Net Tangible Assets Per Share (RM)	0.78	1.26	1.70	1.88

* The Company was incorporated on 25 October 1999 and commenced operations in November 2000.

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

	← As at 31 December →		As at 31
	2001*	2002	July 2003
	RM'000	RM'000	RM'000
Assets employed,			
Property, Plant and Equipment	78	111	143
Deferred Tax Assets	-	-	30
Current Assets	12	190	303
Current Liabilities	(197)	(440)	(622)
Net Current Liabilities	(185)	(250)	(319)
	(107)	(139)	(146)
Financed by,			
Share Capital	**	**	**
Accumulated losses	(107)	(139)	(146)
	(107)	(139)	(146)
Net Tangible Assets Per Share (RM)	-	-	-

* The Company was incorporated on 12 August 2000 and commenced operations on 1 July 2001.

** Being two fully paid-up ordinary shares of RM1.00 each

IIPMX

	← As at 31 December →					As at 31
	1998*	1999	2000	2001	2002	July 2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets employed,						
Property, Plant and Equipment	110	1,054	1,129	917	656	478
Current Assets	1,138	2,974	3,757	9,355	10,611	11,209
Current Liabilities	(605)	(1,391)	(1,204)	(3,183)	(2,224)	(3,305)
Net Current Assets	533	1,583	2,553	6,172	8,387	7,904
	643	2,637	3,682	7,089	9,043	8,382
Financed by,						
Paid-in Capital	724	971	971	971	971	971
Foreign Exchange Reserve	(127)	(57)	(56)	(59)	(59)	(59)
Capital Reserve	28	205	321	702	456	456
Retained Profits	18	1,518	2,446	5,475	7,675	7,014
	643	2,637	3,682	7,089	9,043	8,382
Net Tangible Assets Per Share (RM)	N/A	N/A	N/A	N/A	N/A	N/A

* The Company was incorporated and commenced operations on 4 June 1998.

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

	← As at 31 December →				As at 31
	1999*	2000	2001	2002	July
	RM'000	RM'000	RM'000	RM'000	2003
Assets employed,					
Property, Plant and Equipment	124	99	93	65	24
Current Assets	758	275	8,849	1,699	1,623
Current Liabilities	(592)	(74)	(8,225)	(452)	(442)
Net Current Assets	166	201	624	1,247	1,181
	290	300	717	1,312	1,205
Financed by,					
Paid-in Capital	476	571	571	571	571
Foreign Exchange Reserve	(1)	(1)	(1)	(1)	(1)
Capital Reserve	-	-	16	77	77
Retained Profits/(Accumulated Losses)	(185)	(270)	131	665	558
	290	300	717	1,312	1,205
Net Tangible Assets Per Share (RM)	N/A	N/A	N/A	N/A	N/A

* The Company was incorporated and commenced operations on 11 June 1999.

ITSZ

	← As at 31 December →		As at 31
	2001*	2002	July
	RM'000	RM'000	2003
Assets employed,			
Property, Plant and Equipment	252	247	222
Current Assets	199	851	877
Current Liabilities	(801)	(1,282)	(1,502)
Net Current Liabilities	(602)	(431)	(625)
	(350)	(184)	(403)
Financed by,			
Paid-in Capital	190	950	950
Foreign Exchange Reserve	**	(1)	(1)
Accumulated losses	(540)	(1,133)	(1,352)
	(350)	(184)	(403)
Net Tangible Assets Per Share (RM)	N/A	N/A	N/A

* The Company was incorporated on 17 April 2001 and commenced operations in February 2002.

** Denote (RM217)

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

	← As at 30 September →		← As at 31 December →			As at 31
	1998	1999	2000*	2001	2002	July 2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets employed,						
Property, Plant and Equipment	2,965	2,577	2,676	2,454	1,938	1,652
Investment in Associated Company **	252	252	252	150	-	-
Current Assets	1,644	1,704	5,197	2,864	3,408	3,982
Current Liabilities	(885)	(658)	(4,110)	(306)	(302)	(573)
Net Current Assets	759	1,046	1,087	2,558	3,106	3,409
	3,976	3,875	4,015	5,162	5,044	5,061
Financed by,						
Share Capital	4,500	4,500	4,500	4,500	4,500	4500
(Accumulated Losses)/Retained Profits	(729)	(804)	(720)	447	544	561
	3,771	3,696	3,780	4,947	5,044	5,061
Deferred and Long Term Liabilities	205	179	235	215	-	-
	3,976	3,875	4,015	5,162	5,044	5,061
Net Tangible Assets Per Share (RM)	0.84	0.82	0.84	1.10	1.12	1.12

* The Company changed its accounting year end from 30 September to 31 December in year 2000.

** Reclassifications were made retrospectively based on note 19 of the audited financial statements for the year ended 31 December 2001.

	1998	1999	2000
	RM'000	RM'000	RM'000
Per audited			
Investment in Associated Company	-	-	752
Trade and Other Receivables	683	771	3,827
As restated			
Investment in Associated Company	252	252	252
Trade and Other Receivables	683	771	4,327

The Company disposed of its shareholding in an associated company, E-Com Media Sdn. Bhd. on 24 May 2002.

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

	← As at 30 September →			← As at 31 December →			As at 31
	1998	1999	2000	2000*	2001	2002	July
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	2003
Assets employed,							
Property, Plant and Equipment	1,331	1,890	1,832	1,794	1,687	1,777	1,484
Investment in subsidiary company**	-	-	-	-	60	-	-
Current Assets	1,344	2,386	3,052	3,838	3,047	3,247	3,870
Current Liabilities	(1,781)	(3,085)	(3,679)	(4,391)	(3,455)	(3,290)	(3,720)
Net Current (Liabilities)/ Assets	(437)	(699)	(627)	(553)	(408)	(43)	150
	894	1,191	1,205	1,241	1,339	1,734	1,634
Financed by,							
Share Capital	400	700	700	700	700	700	700
Retained Profits/(Accumulated Losses)	105	(180)	(1)	123	369	715	757
	505	520	699	823	1,069	1,415	1,457
Deferred and Long Term Liabilities	389	671	506	418	270	319	177
	894	1,191	1,205	1,241	1,339	1,734	1,634
Net Tangible Assets Per Share (RM)	1.26	0.74	1.00	1.18	1.53	2.02	2.08

* The Company changed its accounting year end from 30 September to 31 December in year 2000.

** Company disposed of its shareholding in a subsidiary company, G-Max Packaging Products Sdn. Bhd. on 16 March 2002.

LCC

	As at 31	As at 31
	December	July
	2002*	2003
	RM'000	RM'000
Assets employed,		
Property, Plant and Equipment	203	331
Current Assets	1,747	3,388
Current Liabilities	(2,094)	(2,986)
Net Current (Liabilities)/ Assets	(347)	402
	(144)	733
Financed by,		
Share Capital	**	500
(Accumulated loss)/ Retained Profits	(209)	145
	(209)	645
Long Term Liabilities	65	88
	(144)	733
Net Tangible Assets Per Share (RM)	-	1.29

* The Company was incorporated on 1 March 2002 and commenced operations on 1 November 2002.

** Being two fully paid-up ordinary shares of RM1.00 each.

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

The Proforma Group statement of assets and liabilities has been prepared based on the audited balance sheets of the Company and the audited balance sheets of ITMSB, Baguda, ITESB, ITHP, CTLSB, ITPMX, ITLMS, ITSZ, LCC, EPSB and GHPSB as at 31 July 2003 and on the assumptions that the acquisitions of ITMSB, Baguda, ITESB, ITHP, CTLSB, ITPMX, ITLMS, ITSZ, EPSB and GHPSB and the rights issue of 10,747,173 new ordinary shares of RM1.00 each at the issue price of RM1.00 per share and public issue of 9,800,000 new ordinary shares of RM1.00 each at the issue price of RM1.40 per share had been effected on 31 July 2003.

	NOTE	THE COMPANY RM'000	PROFORMA GROUP RM'000
ASSETS EMPLOYED			
Property, plant and equipment	G.2	-	27,114
Other investments	G.3	-	1,246
Deferred tax assets	G.13	-	30
Inventories	G.4	-	4,765
Trade receivables	G.5	-	17,400
Other receivables, deposits and prepayments	G.6	-	3,519
Tax recoverable		-	668
Fixed deposits placed with licensed banks	G.7&H.1	-	1,349
Cash and bank balances	H.1	3	9,213
		3	36,914
Trade payables	G.8	-	6,009
Other payables and accruals	G.9	554	3,605
Short term borrowings	G.10	-	435
Provision for taxation		-	138
		554	10,187
Net Current (Liabilities)/Assets		(551)	26,727
DEFERRED EXPENDITURE		529	-
		(22)	55,117
FINANCED BY			
SHARE CAPITAL	G.11	*	40,000
ACCUMULATED LOSSES		(22)	(22)
SHARE PREMIUM	G.12	-	4,065
CAPITAL RESERVE		-	9,981
		(22)	54,024
MINORITY INTEREST		-	598
DEFERRED TAX LIABILITIES	G.13	-	495
		(22)	55,117
Net Tangible (Liabilities)/Assets		(22)	54,024
Net Tangible (Liabilities)/ Assets Per Share		-	1.35

* Being two fully paid-up ordinary shares of RM1.00 each

8. ACCOUNTANTS' REPORT (Cont'd)**G. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES – 31 JULY 2003****G.1 Summary of Significant Accounting Policies**

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years except for the adoption of the MASB 25: Income Taxes.

Apart from the inclusion of the new policies and extended disclosures as required by the Standards, the adoption of this Standards has no material impact on the financial statements.

(a) Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified by the revaluation of long leasehold land and comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of Consolidation

The proforma consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial period. All the subsidiary companies are consolidated based on the acquisition method of accounting. All material inter-company transactions and balances have been eliminated on consolidation and the consolidated financial statements reflect external transactions only.

(c) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any. Freehold land is not depreciated. Long leasehold land stated at valuation has not been revalued since 1997 and the directors have not adopted the policy of regular revaluation of the asset. As permitted under the Malaysian Accounting Standards Boards, this asset is stated at valuation less accumulated depreciation where applicable. It is amortised over the period of lease of 50 years.

All other property, plant and equipment are depreciated on a straight line basis at rates which are intended to write off their cost or valuation over their estimated useful lives.

The principal annual rates of depreciation used are as follows:-

Computers	33 1/3%-50%
Electrical installation	10%
Factory building and extension	2%-10%
Factory equipment	10%
Furniture and fittings	10%- 20%
Long leasehold land	over lease period
Motor vehicles	10%-20%
Office equipment	10% - 20%
Piping installation	10%
Plant and machinery	10%-20%
Renovation	8%-10%
Signboard	10%

(d) Other Investments

Investment in unit trusts and other investments held as long term investments are stated at cost less provision for permanent diminution in value, if any.

8. ACCOUNTANTS' REPORT (Cont'd)

(e) Impairment of Assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset. The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation surplus account to the extent of the surplus credited from the previous revaluation for the same assets with the excess of the impairment loss charged to the income statement. All reversals of an impairment loss are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued assets where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation surplus account of the same asset.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value after adequate provision has been made for all deteriorated, damaged, obsolete or slow-moving stocks.

Cost is determined on a weighted average basis and comprises the original cost of purchases plus the cost of bringing the inventories to their present location and condition.

The cost of trading goods is determined on a first in first out basis.

The cost of finished goods and work-in-progress include the cost of raw materials, direct labour and a proportion of manufacturing overheads.

(g) Assets Acquired Under Hire-Purchase Agreements

Assets financed by hire-purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

Finance charges are allocated to the income statement over the period of the agreements to give a constant periodic rate of charge on the remaining hire-purchase liabilities.

(h) Deferred Tax Liabilities and Assets

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

8. ACCOUNTANTS' REPORT (Cont'd)

In prior years, deferred tax was provided for at the applicable current tax rates for all material timing differences except where it was reasonable probable that such timing differences will not crystallise in the foreseeable future. In addition, deferred tax benefits were recognised only when there was reasonable assurance of their realisation. The effect of the change in the accounting policies in respect of deferred taxation is not material and therefore not adjusted against the opening retained earnings.

(i) Foreign Currency Transactions and Translations

- Transactions in foreign currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling on transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the approximate rates of exchange on that date. Gains or losses from currency transactions are taken up in the income statement.

- Translation of foreign currency financial statements

For consolidation purposes, the assets and liabilities of foreign subsidiary companies are translated into Ringgit Malaysia at the rates ruling at the balance sheet date. Income statement items are translated at exchange rates at the dates of transaction for the financial year. The translation differences arising therefrom are taken up and reflected in the exchange fluctuation reserve.

The closing rates used in the translation of foreign currency are RM1: USD0.26 and RM1: RMB2.18

(j) Trade Receivables

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

(k) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services rendered.

(l) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received net of transaction costs.

Borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(m) Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

8. ACCOUNTANTS' REPORT (Cont'd)**(n) Revenue Recognition**

Revenue of the Group represents invoiced value of goods sold and services rendered less returns and discounts.

Revenue from invoiced value of goods sold is recognised in the income statement when significant risks and rewards of ownership have been transferred to the customers.

Revenue from rendering of services is recognised in the income statement when services are rendered.

Dividends are recognised when the shareholder's right to receive payment is established.

(o) Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances, deposits which are readily convertible to cash and which are subject to insignificant risk of changes in value.

G.2 Property, Plant and Equipment

	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
PROFORMA GROUP			
At valuation:			
Long leasehold land	7,483	282	7,201
At cost:			
Freehold land and buildings	919	86	833
Factory building	10,830	508	10,322
Building extension	260	71	189
Renovation	122	55	67
Office equipment	1,042	500	542
Plant & machinery	10,901	6,007	4,894
Furniture and fittings	808	307	501
Electrical installation	294	228	66
Motor vehicles	2,747	856	1,891
Signboard	3	2	1
Factory equipment	52	36	16
Computers	1,604	1,076	528
Piping installation	271	208	63
	<u>37,336</u>	<u>10,222</u>	<u>27,114</u>

The long leasehold land of a subsidiary company was revalued by the directors in 1997 based on an independent professional valuation using the open market value basis.

Assets acquired under hire purchase

The cost of assets acquired under hire purchase instalment plans are as follows:-

	GROUP RM'000
Plant and machinery	139
Motor vehicles	166
	<u>305</u>

8. ACCOUNTANTS' REPORT (Cont'd)

G.3 Other Investments

	PROFORMA GROUP RM'000
Other investments	46
Quoted in Malaysia - Unit trust, at cost	<u>1,200</u>
	<u>1,246</u>
Market value of investments Quoted in Malaysia - Unit trust	<u>1,267</u>

G.4 Inventories

	PROFORMA GROUP RM'000
Raw materials	1,989
Work in progress	102
Finished goods	1,559
Trading goods	<u>1,115</u>
	<u>4,765</u>

G.5 Trade Receivables

Included in trade receivables is an amount of RM1,364,381 owing by companies in which the directors of the Group have interests.

G.6 Other Receivables, Deposits and Prepayments

Included in other receivables of the Group is an amount of RM399,145 owing by companies in which the directors of the Group have interests.

G.7 Fixed Deposits Placed with Licensed Banks

	PROFORMA GROUP RM'000
Registered in the name of directors	118
Registered in the name of companies	<u>1,231</u>
	<u>1,349</u>
Pledged to banks	<u>409</u>

G.8 Trade Payables

Included in the trade payables of the Group is an amount of RM37,115 due to company in which some of the directors of the Group have interests.

8. ACCOUNTANTS' REPORT (Cont'd)**G.9 Other Payables and Accruals**

Included in the other payables and accruals of the Group are advances from shareholders amounting to RM1,000,000 which are unsecured, interest free and with no fixed terms of repayment.

G.10 Short Term Borrowings

	THE COMPANY RM'000	PROFORMA GROUP RM'000
Hire purchase payables	-	105
Term loans	-	330
	-	<u>435</u>

Hire purchase are subject to fixed interest rates ranging from 3.60% to 10.90% per annum. The term loans which bear interest at rates ranging from 1.0% to 5.0% per annum above the bank's base lending rates, are secured by legal charges over the Group's properties and fixed deposits.

G.11 Share Capital

	THE COMPANY RM'000	PROFORMA GROUP RM'000
Ordinary shares of RM1 each		
Authorized	100	50,000
Issued and fully paid	*	<u>40,000</u>

* Being two fully paid-up ordinary shares of RM1 each

The movements of the issued and paid-up share capital of the Company from the date of incorporation to the date of the acquisition of 100% equity interest in ITMSB, Baguda, ITESB, CTLSB, ITPMX, ITLMS, ITSZ, EPSB and GHPSB, 70% equity interest in ITHP, the rights issue and the public issue are as follows: -

	RM
As at the date of incorporation	2
Issued on 2 September 2003 :-	
	Equity interest acquired
	%
(i) ITMSB	100
(ii) Baguda	100
(iii) ITESB	100
(iv) ITHP	70
(v) CTLSB	100
(vi) ITPMX	100
(vii) ITLMS	100
(viii) ITSZ	100
(ix) EPSB	100
(x) GHPSB	100
	13,983,303
	4,497,642
	971,880
Rights issue at RM1.00 per share on 18 December 2003	10,747,173
Public issue at RM1.40 per share on {}	9,800,000
Issued and fully paid-up share capital	<u>40,000,000</u>

8. ACCOUNTANTS' REPORT (Cont'd)

G.12 Share Premium

	PROFORMA GROUP RM'000
Arising from the acquisition of ITMSB, EPSB and GHPSB	1,945
Arising from the Public Issue	3,920
Less : portion of the estimated listing expenses	(1,800)
	<u>4,065</u>

G.13 Deferred Tax Assets and Liabilities

	PROFORMA GROUP RM'000
As at 1 January 2003	391
Transfer from/(to) income statement	74
As at 31 July 2003	<u>465</u>

	PROFORMA GROUP RM'000
Presented after appropriate offsetting as follows:-	
Deferred tax assets	(30)
Deferred tax liabilities	495
	<u>465</u>

Tax effects on:-	
Property, plant and equipment	
- capital allowance in excess of depreciation	495
- depreciation in excess of capital allowance	(30)
	<u>465</u>

G.14 Contingent Liabilities

	PROFORMA GROUP RM'000
In respect of bankers' guarantees	380
Litigation	<u>183</u>

8. ACCOUNTANTS' REPORT (Cont'd)**H. PROFORMA CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 JULY 2003**

	NOTE	THE COMPANY RM'000	PROFORMA GROUP RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)/profit before taxation		(2)	4,692
Adjustments for			
Depreciation		-	1,359
Gain on disposal of property, plant and equipment		-	(2)
Interest expense		-	152
Interest income		-	(140)
Property, plant and equipment written off		-	121
Translation adjustment account		-	1
		-	1,491
Operating (loss)/profit before working capital changes		(2)	6,183
Changes in working capital			
Increase in inventories		-	(200)
Increase in receivables		-	(5,303)
Increase in payables		25	399
Cash generated from operations		23	1,079
Interest paid		-	(152)
Tax paid		-	(748)
Net cash from operating activities		23	179
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		-	141
Purchase of property, plant and equipment		-	(13,701)
Proceeds from disposal of property, plant and equipment		-	90
Fixed deposits placed with licensed bank		-	427
Net cash used in investing activities		-	(13,043)
CASH FLOWS FROM FINANCING ACTIVITIES			
Term loan		-	(1,566)
Bank borrowings		-	(1,403)
Hire purchase payables		-	(1,261)
Listing expenses		(21)	(1,800)
Dividend paid to shareholders		-	(5,439)
Acquisition of minority interest		-	245
Issue of shares for cash		-	24,467
Net cash (used in)/from financing activities		(21)	13,243
NET INCREASE IN CASH AND CASH EQUIVALENTS		2	379
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1	9,774
CASH AND CASH EQUIVALENTS AT END OF YEAR	H.1	3	10,153

8. ACCOUNTANTS' REPORT (Cont'd)**H.1 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:-

	THE COMPANY RM'000	PROFORMA GROUP RM'000
Cash and bank balances	-	9,213
Fixed deposits placed with licensed banks	3	1,349
	<u>3</u>	<u>10,562</u>
Less: Fixed deposits pledged with licensed banks	-	(409)
	<u>3</u>	<u>10,153</u>

I. NET TANGIBLE ASSETS COVER

Based on the Statements of Assets and Liabilities of the Proforma ITCB Group as at 31 July 2003 and after adjusting for the estimated listing expenses to be borne by the Company, the net tangible assets cover is calculated as follows :-

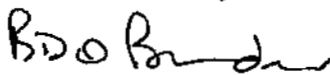
	RM'000
Net assets as at 31 July 2003	<u>54,024</u>
Number of ordinary shares of RM1 each issued ('000)	<u>40,000</u>
Net tangible assets for each ordinary share of RM1 each	<u>1.35</u>

J. SUBSEQUENT EVENTS

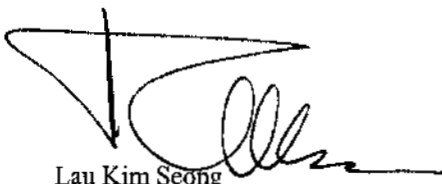
There were no material subsequent events occurred in the interval between the date of the last audited financial statements for the financial year ended 31 July 2003 and the date of this report.

No audited financial statements have been prepared in respect of any period subsequent to 31 July 2003.

Yours faithfully



BDO Binder
AF : 0206
Chartered Accountants



Lau Kim Seong
670/03/05 (J/PH)
Chartered Accountant