(Prepared for the inclusion in this Prospectus)

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26 February 2004

The Board of Directors
Emas Kiara Industries Berhad
Suite E-16-D1, Wisma Sunrise
Plaza Mont' Kiara
No. 2, Jalan Kiara
Mont' Kiara
50480 Kuala Lumpur

Dear Sirs,

Emas Kiara Industries Berhad
Accountants' Report

1. INTRODUCTION

This report has been prepared by approved company auditors for the purpose of inclusion in the Prospectus of Emas Kiara Industries Berhad ("the Company" or "EKIB") to be dated 10 MAR 2004 in connection with:-

(a) the Public Issue of 13,220,000 ordinary shares of RM0.50 each in EKIB at an issue price of RM0.85 per ordinary share;

(b) the Offer for Sale of 3,580,000 ordinary shares of RM0.50 each in EKIB at an offer price of RM0.85 per ordinary share; and

(c) the listing and quotation of the entire issued and fully paid-up share capital of EKIB comprising 80,002,000 ordinary shares of RM0.50 each on the Second Board of the Malaysia Securities Exchange Berhad ("MSEB").

2. GENERAL INFORMATION

2.1 EKIB (formerly known as Emas Kiara Industries Sdn Bhd) was incorporated in Malaysia under the Companies Act, 1965 on 7 June 1999 as a private limited liability company. On 17 June 2003, it was converted into a public limited liability company and assumed its present name.

2.2 The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are described in paragraph 2.3. There have been no significant changes in the principal activities of EKIB and its subsidiary companies during the current financial period.

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2. GENERAL INFORMATION (continued)

2.3 The subsidiary companies of EKIB as at the date of this report and their principal activities are as follows:-

Name of company	Effective equity interest	Date of incorporation	Principal activities
Emas Kiara Sdn Bhd	100%	18 July 1991	Manufacturing and trading of geosynthetic products including woven geotextiles and geocomposites
Emas Kiara Marketing Sdn Bhd	100%	11 October 1991	Marketing, trading and installation services of geosynthetic products and materials and provision of geoservices
Khidmat Edar (M) Sdn Bhd	100%	11 November 1982	Manufacturing and trading of geosynthetic products including non -woven geotextiles and geocomposites
Advance Technical Fabric Sdn Bhd	60%	29 September 1977	Manufacturing, trading and marketing of industrial fabrics
Fibre Innovation Technology Sdn Bhd	60%	3 August 1991	Manufacturing and trading of industrial fibres
Kiaratex Exports Pte Ltd (Incorporated in Singapore)	100%	16 January 1998	Sales and marketing of geosynthetic products and materials to international market

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3. SHARE CAPITAL

The Company was incorporated in Malaysia under the Companies Act, 1965 on 7 June 1999 as a private limited liability company with an authorised share capital of RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each. The authorised share capital was increased to RM20,000,000 comprising 20,000,000 ordinary shares of RM1.00 each on 31 December 2000. On 30 January 2004, the Company increased its authorised share capital to RM50,000,000 comprising 100,000,000 ordinary shares of RM0.50 each.

The details of the changes in the issued and fully paid-up share capital of the Company since its incorporation are as follows:

Date of allotment	No. of ordinary shares RM1.00 each	Consideration	Cumulative total issued and fully paid- up share capital (RM)
7.6.1999	2	Subscribers' shares at the date of incorporation	2
29.10.1999	4,723,100	Cash	4,987,027
25.11.1999	263,925	Cash	
		Purchase consideration for the following acquisitions of subsidiary companies:- a)Emas Kiara Sdn Bhd b)Emas Kiara Marketing Sdn Bhd c)Khidmat Edar (M) Sdn Bhd	
24.1.2000	1,977,000	Cash	11,500,002
3.2.2000	735,975	Cash	
28.9.2000	1,800,000	Capitalisation of amount owing to shareholders	
30.12.2000	2,000,000	Cash	
		Purchase consideration for the acquisitions of subsidiary companies and additional investments in the existing subsidiary companies, which are as follows:- a)Emas Kiara Sdn Bhd b)Emas Kiara Marketing Sdn Bhd c)Khidmat Edar (M) Sdn Bhd d)Advance Technical Fabric Sdn Bhd e)Kiaratex Exports Pte Ltd	

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3. SHARE CAPITAL (continued)

Date of allotment	No. of ordinary shares RM1.00 each	Consideration	Cumulative total issued and fully paid- up share capital (RM)
18.3.2002	1,800,000	The Company entered into a Share Sale Agreement to purchase 1,800,000 ordinary shares of RM1.00 each representing 18% equity interest in the issued and paid-up share capital of Fibre Innovation Technology Sdn Bhd. This purchase of shares was satisfied by the Company's allotment of 1,800,000 new ordinary shares of RM1.00 each at par.	13,300,002
24.3.2003	350,000	Consideration for acquisition of the remaining shares in a subsidiary company	13,650,002
28.3.2003	3,667,850	Consideration for acquisition of the remaining shares in subsidiary companies	17,317,852
30.3.2003	1,762,720	Consideration for acquisition of shares in a subsidiary company	19,080,572
30.1.2004	19,080,572	Sub-division of 19,080,572 ordinary shares of RM1.00 each to 38,161,144 ordinary shares of RM0.50 each	19,080,572
30.1.2004	28,620,856	Bonus issue on the basis of 3 new ordinary shares for every 4 ordinary shares held	33,391,000

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4. DIVIDENDS

EKIB and its subsidiary companies ("the EKIB Group") have not paid or declared any dividends for the financial years/periods under review.

5. RESTRUCTURING EXERCISE

The Company has completed its restructuring exercise in connection to the proposed listing and quotation of the entire issued and fully paid-up share capital of the Company on the Second Board of the MSEB during the financial period, which were as follows:-

5.1 On 24 March 2003, the Company acquired an additional 40 ordinary shares of SGD1.00 each representing 40% equity interest in the issued and paid-up capital of Kiaratex Exports Pte. Ltd. ("KEX") for a total consideration of RM350,000. The consideration was satisfied by the issuance of 350,000 new ordinary shares of RM1.00 each of the Company at par. The acquisition increased the Company's equity interest in KEX from 60% to 100%.

5.2 On 28 March 2003, the Company acquired an additional 1,000,000 ordinary shares of RM1.00 each representing 22% equity interest in the issued and paid-up capital of Emas Kiara Sdn. Bhd. ("EKSB") for a total consideration of RM6,350,748. The consideration was satisfied by the issuance of 3,097,925 new ordinary shares of RM1.00 each of the Company at an issue price of RM2.05 per share. The acquisition increased the Company's equity interest in EKSB from 78% to 100%.

5.3 On 28 March 2003, the Company acquired an additional 500,000 ordinary shares of RM1.00 each representing 33% equity interest in the issued and paid-up capital of Emas Kiara Marketing Sdn. Bhd. ("EKM") for a total consideration of RM1,168,347. The consideration was satisfied by the issuance of 569,925 new ordinary shares of RM1.00 each of the Company at an issue price of RM2.05 per share. The acquisition increased the Company's equity interest in EKM from 67% to 100%.

5.4 On 30 March 2003, the Company acquired an additional 4,200,000 ordinary shares of RM1.00 each representing 42% equity interest in the issued and paid-up capital of Fiber Innovation Technology Sdn. Bhd. ("FIT") for a total consideration of RM3,613,576. The acquisition was satisfied by the issuance of 1,762,720 new ordinary shares of RM1.00 each of the Company at an issue price of RM2.05 per share. The acquisition increased the Company's equity interest in FIT from 18% to 60%.

On 12 May 2003, FIT disposed 45,000 ordinary shares of RM1.00 each representing 45% equity interest in the issued and paid up share capital of Kiaratex Sdn. Bhd. ("KSB"), an associated company, for a total cash consideration of RM45,000.

5.5 On 28 March 2003, the Company disposed 200,000 ordinary shares of RM1.00 each representing 40% equity interest in the issued and paid-up capital of Advance Technical Fabric Sdn. Bhd. ("ATF") for a total consideration of RM18,000. The disposal decreased the Company's equity interest in ATF from 100% to 60%.

6. PROPOSED LISTING AND QUOTATION

In conjunction with the proposed listing and quotation of the entire issued and fully paid-up share capital of the Company on the Second Board of the MSEB, the Company had undertaken the followings on 30 January 2004:-

6.1 Sub-division of ordinary shares

Sub-division of 19,080,572 ordinary shares of RM1.00 each to 38,161,144 ordinary shares of RM0.50 each.

6.2 Declaration of special dividend

Declaration of special dividend by:-

(a) Emas Kiara Sdn Bhd of 190% tax exempt and 152.78% less tax at 28% based on its entire issued and paid-up share capital comprising 4,500,000 ordinary shares of RM1.00 each; and

(b) Emas Kiara Marketing Sdn Bhd of 80% tax exempt and 74.08% less tax at 28% based on its entire issued and paid-up share capital comprising 1,500,000 ordinary shares of RM1.00 each.

6.3 Bonus issue

Bonus issue of new ordinary shares on the basis of three (3) new EKIB ordinary shares for every four (4) EKIB ordinary shares held to be capitalised from its share premium and retained profits.

6.4 Public Issue

The Public Issue of 13,220,000 ordinary shares of RM0.50 each at an issue price of RM0.85 per ordinary share.

6.5 Offer for Sale

The Offer for Sale of 3,580,000 ordinary shares of RM0.50 each at an offer price of RM0.85 per ordinary share.

6.6 Listing on the Second Board of the MSEB

Upon completion of the Public Issue and Offer for Sale, the Company will seek a listing of and quotation for the entire enlarged issued and fully paid-up share capital of the Company comprising 80,002,000 ordinary shares of RM0.50 each on the Second Board of the MSEB.

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7. FINANCIAL STATEMENTS AND AUDITORS

The financial statements of EKIB for the financial years ended 31 December 1999 to 31 December 2002 and financial period ended 31 October 2003 were audited by BDO Binder and were not subject to any audit qualification.

The financial statements of EKSB were not subject to any audit qualification and were audited by:-

Auditors	Financial year/period ended
Tan Chuan Hock & Co (currently known as William C.H Tan & Associates)	30 November 1998 to 30 November 1999
William C.H Tan & Associates	31 December 2000
BDO Binder	31 December 2001 to 31 December 2002 and 31 October 2003

The financial statements of EKM were not subject to any audit qualification and were audited by:-

Auditors	Financial year ended
Tan Chuan Hock & Co	31 December 1998
William C.H Tan & Associates	31 December 1999 to 31 December 2002

The financial statements of KESB were not subject to any audit qualification and were audited by:-

Auditors	Financial year/period ended
Tan Chuan Hock & Co	31 March 1998
William C.H Tan & Associates	31 March 1999, 31 March 2000 and 31 December 2000
BDO Binder	31 December 2001 to 31 December 2002

The financial statements of ATF were not subject to any audit qualification and were audited by:-

Auditors	Financial year/period ended
Tan Chuan Hock & Co	31 March 1998 to 31 March 2000
William C.H Tan & Associates	31 December 2000
BDO Binder	31 December 2001 to 31 December 2002

The financial statements of KEX were not subject to any audit qualification and were audited by:-

Auditors	Financial year/period ended
Rama & Co	31 December 1998 to 31 December 2002

7. FINANCIAL STATEMENTS AND AUDITORS (continued)

The financial statements of FIT were not subject to any audit qualification and were audited by:-

Auditors	**Financial year ended**
Kiat & Associates	31 December 1998 to 31 December 2002

8. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

8.1 Basis of accounting

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

The preparation of financial statements in conformity with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

8.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial period using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of are included from the effective date of acquisition or up to the effective date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the cost of acquisition and the fair value of the Group's share of the subsidiaries' identifiable net assets at the date of acquisition is reflected as goodwill or reserve on consolidation.

Goodwill on consolidation is stated at cost less accumulated amortisation and impairment losses, if any. Goodwill arising on consolidation is amortised over a period of not exceeding 20 years and is subject to yearly review by the Directors and will be written down when it is determined that there is an impairment in the carrying value of investment in subsidiary companies.

Inter-company transactions and balances are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Minority interest is measured at the minorities' share of net reserves and of net assets of subsidiary companies attributable to interests which are not owned, directly or indirectly through subsidiary companies within the Group.

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8. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

8.3 Investment in subsidiary companies

A subsidiary company is a company in which the a group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies which are eliminated on consolidation are stated at cost less impairment losses, if any.

8.4 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is not depreciated.

Depreciation on other property, plant and equipment is calculated to write off the costs of the assets on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:-

Buildings	2%
Plant and machinery	4% - 12%
Motor vehicles	20%
Office equipment, furniture and fittings	8% - 40%
Renovation	10%
Computer equipment	40%

8.5 Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its assets, other than inventories, deferred tax assets and financial assets, to determine whether there is any indication that impairment 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. An 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 asset with the excess of the impairment loss charged to the income statement.

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8. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

8.5 Impairment of assets (cont'd)

All reversal of an impairment loss is recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation surplus account of the same asset.

The impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and subsequent external events have occurred that reverse the effect of the specific event. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

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.

8.6 Inventories

Inventories of raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

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

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

8.7 Receivables

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

8.8 Liabilities

Trade and other payables are stated at costs which is the fair value of the consideration to be paid in the future for goods and services received. Borrowings are interests-bearing and are recorded at the amount of proceeds received, net of transaction costs.

8.9 Assets acquired under hire-purchase arrangements

Assets financed by hire-purchase 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.

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8. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

8.10 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and a reliable estimate can be made of the amount of the obligation.

8.11 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 date. 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 utillised, 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.

In prior years, deferred tax was provided for at the applicable current tax rates for all material timing differences where it was reasonable probable that such timing differences will crystallise in the foreseeable future. In addition, deferred tax benefits were recognised only when there was reasonable assurance of their realisation. No prior year adjustment was made in the current financial period in respect of deferred taxation for the previous financial year due to the immateriality of the adjustment arising, therefrom.

8.12 Foreign currency transactions and translations

(i) 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 at the balance sheet date except where there are related or matching forward contracts in respect of trading transactions in which case, the rates of exchange specified in those contacts are used.

All gains or losses from currency transactions are taken up in the income statement.

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8. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

8.12 Foreign currency transactions and translations (cont'd)

(ii) Translation of foreign currency financial statements

For consolidation purposes, the assets and liabilities of foreign entities 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 transactions. The translation differences arising therefrom are taken up and reflected in the exchange translation reserve.

Goodwill arising on the acquisition of a foreign entity and fair value adjustments to the carrying amounts of assets and liabilities acquired are translated at the exchange rate at the date of transaction.

The principal closing rates used in the translation of foreign currency amounts are as follows:-

	31.10.2003
	RM
1 US Dollar (USD)	3.805
1 Singapore Dollar (SGD)	2.1883
1 Euro Dollar (Euro)	4.4169
1 Swiss Franc	2.840

8.13 Revenue recognition

Revenue from sale of goods is recognised in the income statement upon delivery of goods and customer's acceptance.

Revenue from rendering of services is recognised in the income statement based on stage of completion. The stage of completion is determined based on certified measurement of actual work performed.

8.14 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investment which are readily convertible to cash and which are subject to insignificant risk of changes in value.

8.15 Segment information

Segment information is presented in respect of the Group's business and geographical segments. The primary reporting segment information is in respect of business segments as the Group risk and rates of return are affected predominantly by differences in the products it produces, while the secondary information is reported geographically.

8. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

8.15 Segment information (cont'd)

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise finance cost and corporate administration expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

8.16 Borrowing costs

Costs incurred on borrowings to finance a qualifying asset is capitalised until the asset is ready for their intended use after which such expense is charged to the income statement.

8.17 Financial instruments

(i) Financial instruments recognised on the balance sheets

The particular recognition method adopted for financial instruments recognised on the balance sheets is disclosed in the individual policy statement associated with each item.

(ii) Fair value estimation for disclosure purposes

The carrying values of the financial assets and liabilities maturing within 12 months are stated at approximately their fair values as at the balance sheet date.

The fair values of term loans are estimated based on the market rate for the same or similar loans with the same remaining maturities.

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9 SUMMARY OF RESULTS

9.1 Proforma Group

The summarised Proforma Group's results for the financial years ended from 31 December 1998 to 2002 and the Group's audited results for the financial period ended 31 October 2003 are set out below. The Proforma Group's results are for illustration purposes only and have been prepared on the basis as stated in paragraph 9.1.1 to 9.1.3.

	<-- Financial years/period ended -->					
	<-- PROFORMA -->					AUDITED
	12 months ended 31 December 1998 RM	12 months ended 31 December 1999 RM	12 months ended 31 December 2000 RM	12 months ended 31 December 2001 RM	12 months ended 31 December 2002 RM	10 months ended 31 October 2003 RM
Revenue	21,542,970	33,838,640	42,205,645	39,957,141	56,746,243	61,878,977
Profit before depreciation, interest and taxation	4,190,705	6,871,046	8,448,770	7,487,600	13,451,626	13,938,794
Depreciation	(1,936,456)	(2,155,811)	(2,269,836)	(2,542,754)	(3,138,770)	(2,784,626)
Interest expense	(2,078,613)	(2,034,360)	(1,637,068)	(1,676,947)	(1,882,890)	(1,315,157)
Profit before exceptional items and taxation	175,636	2,680,875	4,541,866	3,267,899	8,429,966	9,839,011
Exceptional items	-	-	-	-	-	-
(Loss)/Profit before taxation and minority interests	175,636	2,680,875	4,541,866	3,267,899	8,429,966	9,839,011
Tax expense	(239,037)	-	(722,847)	(681,733)	(2,293,821)	(3,323,640)
Profit after taxation but before minority interests	(63,401)	2,680,875	3,819,019	2,586,166	6,136,145	6,515,371
Minority interests	45,272	(38,190)	40,931	328,837	176,109	(388,066)
(Loss)/Profit after taxation and minority interests	(18,129)	2,642,685	3,859,950	2,915,003	6,312,254	6,127,305
Number of ordinary shares assumed in issue	66,782,000	66,782,000	66,782,000	66,782,000	66,782,000	66,782,000
Gross earnings per share (sen)	0.3	4.0	6.8	4.9	12.6	14.7
Net earnings per share (sen)	*	4.0	5.8	4.4	9.5	9.2

Notes:

(i) *The taxation has been adjusted for any under or overprovision where relevant.*

(ii) ** represents minimal amount.*

Notes to the summary of results

9.1.1 The Proforma consolidated results for the financial years ended 31 December 1998 to 2002 have been prepared for illustration purposes after such adjustments considered necessary on the audited financial statements of EKIB, EKSB, EKM, KESB, ATF, Kiaratex and FIT and assuming that the EKIB Group has been in existence throughout the financial years under review.

9.1.2 The Proforma results of the following subsidiary companies have been time apportioned in order to be coterminous with the financial year end of the EKIB Group:-

Company	Financial year end
EKSB	30 November 1998 and 1999 and 13-month period ended 31 December 2000
KESB	31 March 1998 to 2000 and 9-month period ended 31 December 2000
ATF	31 March 1998 to 2000 and 9-month period ended 31 December 2000

9.1.3 EKIB's equity interest in the subsidiary companies is assumed as follows for the Proforma consolidated results for the financial years ended 31 December 1998 to 2002 and Group's audited results for the financial period ended 31 October 2003 :-

Company	Equity interest (%)
EKSB	100
EKM	100
KESB	100
KEX	100
ATF	60
FIT	60

9.1.4 The EKIB Group registered a steady increase in revenue over the financial years/period except for the financial year 2001 mainly due to the economic downturn which affected domestic construction activities. The increase in revenue reflected the increasing products acceptance and recognition by the market and was inline with the Government's pump-priming measures which were substantially construction based aimed to stimulate the economy.

9.1.5 Profit before taxation increased steadily over the financial year except for the financial year 2001 which was in line with the drop in revenue. Pre-tax margin was higher at 15% and 16% in 2002 and 2003 respectively, as compared to the region of 8% to 11% registered between financial years 1999 to 2001 attributable to the higher acceptance of the total product solution of 'providing design and technical services, supply and install' by the market and benefits arising from economies of scale.

9.1.6 Finance cost was higher in 2002 as compared to 2000, 2001 and 2003 mainly due to the higher borrowings used to finance the purchase of property, plant and equipment to cater for higher demand.

Notes to the summary of results (cont'd)

9.1.7 The effective tax rates over the financial years/period were lower than the statutory tax rate except for the financial years/ period 1998, 1999 and 2003. These lower effective tax rates were mainly due to availability of pioneer status relief and reinvestment tax relief. No tax charge for the financial year 1999 as it was the tax waiver year in accordance with the Income Tax (Amendment) Act, 1999. The effective tax rate was higher than the statutory tax rate in 1998 mainly due to the non-availability of group relief where tax losses of certain subsidiary companies could not be set off against the chargeable income of the other companies. In 2003, non-allowable expenses resulted from allowance for doubtful debts had caused effective tax rate to exceed the statutory rate.

9.1.8 The gross and net earnings per share are computed on the profit before taxation and minority interests, and profit after taxation and minority interests respectively. The number of ordinary shares assumed in issue of 66,782,000 ordinary shares of RM0.50 each of the Company after the restructuring exercise, sub-division of ordinary shares, declaration of special dividend and bonus issue but before the public issue.

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9.1.9 Emas Kiara Industries Berhad

The summarised results of EKIB based on the audited financial statements for the financial period ended 31 December 1999, and 31 October 2003 financial years ended 31 December 2000 to 2002 and 10-month financial period ended 31 October 2003 are set out below :-

	<—— Financial year/period ended ——>				
	7 months ended 31 December 1999 RM	**12 months ended 31 December 2000 RM**	**12 months ended 31 December 2001 RM**	**12 months ended 31 December 2002 RM**	**10 months ended 31 October 2003 RM**
Revenue	-	-	-	-	-
Loss before depreciation, interest and taxation	(39,897)	(100,510)	(428,018)	(15,599)	(135,589)
Depreciation	-	-	(1,080)	(1,080)	(537)
Interest expense	-	-	-	-	-
Loss before taxation	(39,897)	(100,510)	(429,098)	(16,679)	(136,126)
Tax expense	-	-	-	-	-
Loss after taxation	(39,897)	(100,510)	(429,098)	(16,679)	(136,126)
Number of ordinary shares in issue	4,987,027	11,500,002	11,500,002	13,300,002	19,080,572
Weighted average number of Ordinary shares in issue	1,387,163	7,923,163	11,500,002	12,925,002	14,517,765
Gross earnings per share (sen)	(2.88)	(1.27)	(3.73)	(0.13)	(0.94)
Net earnings per share (sen)	(2.88)	(1.27)	(3.73)	(0.13)	(0.94)

Note:

(i) Gross and net earning per share are computed based on the weighted average number of shares in issue.

(ii) There were no extraordinary items or exceptional items during the financial periods/years under review.

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9.1.10 Emas Kiara Sdn Bhd

The summarised results of EKSB based on the audited financial statements for the financial years ended from 30 November 1998 to 1999, 13-month financial period ended 31 December 2000, financial years ended 31 December 2001 to 2002 and 10-month financial period ended 31 October 2003 are set out below :-

	<---- Financial year/period ended ---->					
	12 months ended 30 November 1998 RM	12 months ended 30 November 1999 RM	13 months ended 31 December 2000 RM	12 months ended 31 December 2001 RM	12 months ended 31 December 2002 RM	10 months ended 31 October 2003 RM
Revenue	12,645,314	20,611,887	21,965,533	18,735,129	28,221,406	25,492,542
Profit before depreciation, interest and taxation	2,166,724	3,239,254	5,494,293	5,560,695	9,791,953	8,056,339
Depreciation	(1,044,591)	(1,037,457)	(1,258,614)	(1,203,251)	(1,465,765)	(1,223,617)
Interest expense	(620,849)	(611,960)	(572,485)	(463,720)	(706,515)	(586,060)
Profit before taxation	501,284	1,589,837	3,663,194	3,893,724	7,619,673	6,246,662
Tax expense	(245,498)	-	(444,291)	(444,000)	(1,876,000)	(1,644,819)
Profit after taxation	255,786	1,589,837	3,218,903	3,449,724	5,743,673	4,601,843
Number of ordinary shares in issue	2,000,000	2,000,000	2,300,000	3,500,000	4,500,000	4,500,000
Weighted average number of ordinary shares in issue	2,000,000	2,000,000	2,253,846	3,000,000	4,500,000	4,500,000
Gross earnings per share (sen)	25.06	79.49	162.53	129.79	169.33	138.81
Net earnings per share (sen)	12.79	79.49	142.82	114.99	127.64	102.26

Note:

(i) *Gross and net earning per share are computed based on the weighted average number of shares in issue.*

(ii) *There were no extraordinary items or exceptional items during the financial periods/years under review.*

(iii) *The taxation has been adjusted for any under or overprovision where relevant.*

BDO

9.1.11 Emas Kiara Marketing Sdn Bhd

The summarised results of EKM based on the audited financial statements for the financial years ended from 31 December 1998 to 2002 and 10-month financial period ended 31 October 2003 are set out below :-

	<--------- Financial year/period--------->					
	12 months ended 31 December 1998 RM	12 months ended 31 December 1999 RM	12 months ended 31 December 2000 RM	12 months ended 31 December 2001 RM	12 months ended 31 December 2002 RM	10 months ended 31 October 2003 RM
Revenue	14,524,723	23,925,001	35,342,086	33,618,789	50,474,331	54,937,274
Profit before depreciation, interest and taxation	169,476	1,404,744	918,160	298,343	1,213,004	574,530
Depreciation	(27,716)	(29,808)	(34,214)	(43,041)	(138,735)	(132,637)
Interest expense	(53,868)	(204,572)	(105,553)	(9,240)	(6,823)	(9,050)
Profit before taxation	87,892	1,170,364	778,393	246,062	1,067,446	432,843
Tax expense	(41,889)	-	(294,719)	(141,638)	(366,438)	(758,249)
Profit/(Loss) after taxation	46,003	1,170,364	483,674	104,424	701,008	(325,406)
Number of ordinary shares in issue	500,000	500,000	500,000	1,000,000	1,500,000	1,500,000
Weighted average number of ordinary shares in issue	500,000	500,000	500,000	666,667	1,500,000	1,500,000
Gross earnings per share (sen)	17.58	234.07	155.68	36.91	71.16	28.86
Net earnings per share (sen)	9.20	234.07	96.73	15.66	46.73	(21.69)

Note:

(i) Gross and net earning per share are computed based on the weighted average number of shares in issue.

(ii) There were no extraordinary items or exceptional items during the financial years/period under review.

(iii) The taxation has been adjusted for any under or overprovision where relevant.

BDO

9.1.12 Khidmat Edar (M) Sdn Bhd

The summarised results of KESB based on the audited financial statements for the financial years ended from 31 March 1998 to 1999, 9-month financial period ended 31 December 2000, financial years ended 31 December 2001 to 2002 and 10-month financial period ended 31 October 2003 are set out below :-

	<------------ Financial year/period ended ------------>					
	12 months ended 31 March 1999 RM	12 months ended 31 March 2000 RM	9 months ended 31 December 2000 RM	12 months ended 31 December 2001 RM	12 months ended 31 December 2002 RM	10 months ended 31 October 2003 RM
Revenue	10,999,959	14,501,416	12,842,139	14,618,832	16,409,470	20,445,124
Profit before depreciation, interest and taxation	2,342,041	1,929,710	2,335,614	2,309,988	2,788,176	3,898,664
Depreciation	(1,047,381)	(1,050,076)	(792,318)	(1,099,666)	(1,142,303)	(1,039,118)
Interest expense	(1,587,595)	(1,177,489)	(857,847)	(1,057,765)	(874,967)	(492,468)
(Loss)/Profit before taxation	(292,935)	(297,855)	685,449	152,557	770,906	2,367,078
Tax expense	-	-	-	-	-	(744,000)
(Loss)/Profit after taxation	(292,935)	(297,855)	685,449	152,557	770,906	1,623,078
Number of ordinary shares in issue	3,000,000	4,575,000	4,575,000	6,000,000	6,000,000	6,000,000
Weighted average number of ordinary shares in issue	3,000,000	4,575,000	4,575,000	6,000,000	6,000,000	6,000,000
Gross earnings per share (sen)	(9.76)	(6.51)	14.98	2.54	12.85	39.45
Net earnings per share (sen)	(9.76)	(6.51)	14.98	2.54	12.85	27.05

Note:

(i) Gross and net earning per share are computed based on the weighted average number of shares in issue.
(ii) There were no extraordinary items or exceptional items during the financial periods/years under review.
(iii) The taxation has been adjusted for any under or overprovision where relevant.

BDO

9.1.13 Advance Technical Fabric Sdn Bhd

The summarised results of ATF based on the audited financial statements for the financial years ended 31 March 1998 to 1999, 9-month financial period ended 31 December 2000, financial years ended 31 December 2001 to 2002 and 10-month financial period ended 31 October 2003 are set out below :-

	<——— Financial year/period ended ———>					
	12 months ended 31 March 1999 RM	12 months ended 31 March 2000 RM	9 months ended 31 December 2000 RM	12 months ended 31 December 2001 RM	12 months ended 31 December 2002 RM	10 months ended 31 October 2003 RM
Financial Results:						
Revenue	787,047	1,119,233	494,078	493,917	598,199	5,293,713
Profit/(Loss) before depreciation, interest and taxation	41,248	135,784	7,915	(50,214)	(51,407)	1,094,136
Depreciation	(17,610)	(17,609)	(13,210)	(4,655)	(340)	(37,774)
Interest expense	(4,382)	(4,607)	(3,288)	(3,139)	-	(1,902)
Profit/(Loss) before taxation	19,256	113,568	(8,583)	(58,008)	(51,747)	1,054,460
Tax expense	-	-	-	-	-	(174,600)
Profit/(Loss) after taxation	19,256	113,568	(8,583)	(58,008)	(51,747)	879,860
Number of ordinary shares in issue	500,000	500,000	500,000	500,000	500,000	1,000,000
Weighted average number of ordinary shares in issue	-	-	-	-	-	506,849
Gross earnings per share (sen)	3.85	22.71	(1.72)	(11.60)	(10.35)	208.04
Net earnings per share (sen)	3.85	22.71	(1.72)	(11.60)	(10.35)	173.59

Note:
There were no extraordinary items or exceptional items during the financial periods/years under review .