

10. ACCOUNTANTS' REPORT (Cont'd)

(Prepared for inclusion in this Prospectus)



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- (a) There were no extraordinary items/exceptional items in all the financial years/period under review.
- (b) PESB commenced operations as a franchised education operator and the provision of training system and related services in financial year ended 31 December 2001.
- (c) The tax charge in the periods ended 30 September 2002 and year ended 30 September 2003 represents income tax on interest income.
- (d) The gross profit/(loss) per share have been calculated based on the profit/(loss) before taxation divided by the weighted average number of ordinary shares in issue of the respective financial year/period.
- (e) The net profit/(loss) per share have been calculated based on the profit/(loss) after taxation divided by the weighted average number of ordinary shares in issue of the respective financial year/period.

(xi) PPISB

The income statements of PPISB based on the audited financial statements for the past three financial periods/year ended 30 September 2003 since its incorporation on 21 June 2000 are as follows :

	Financial period from 21 June 2000 to 30 June <u>2001</u> RM'000	9 months period ended 30 September <u>2002</u> RM'000	Financial year ended 30 September <u>2003</u> RM'000
Revenue	-	-	19
Profit/(Loss) before depreciation, interest and taxation	(4)	(4)	12
Depreciation	-	-	-
Interest expenses	-	-	-
Profit/(Loss) before taxation	(4)	(4)	12
Taxation	-	-	(3)
Profit/(Loss) after taxation	(4)	(4)	9
Weighted average number of ordinary shares in issue ('000)	*	*	10
Gross profit/(loss) per share (RM)	(44.90)	(37.84)	1.20
Net profit/(loss) per share (RM)	(44.90)	(37.84)	0.90

* Represents 100 shares.

10. ACCOUNTANTS' REPORT (Cont'd)
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- (a) There were no extraordinary items/exceptional items in all the financial periods/year under review.
- (b) PPISB has not generated any revenue since the date of its incorporation. The revenue for the year ended 30 September 2003 represents interest income on fixed deposits.
- (c) The tax charge for the year ended 30 September 2003 represents income tax on interest income.
- (d) The gross profit/(loss) per share have been calculated based on the profit/(loss) before taxation divided by the weighted average number of ordinary shares in issue of the respective financial period/year.
- (e) The net profit/(loss) per share have been calculated based on the profit/(loss) after taxation divided by the weighted average number of ordinary shares in issue of the respective financial period/year.

(xii) PPHSB

The income statements of PPHSB based on the audited financial statements for the past four financial years/periods ended 30 September 2003 since its incorporation on 9 September 1999 are as follows :

	Financial period from 9 September 1999 to 31 December <u>2000</u> RM'000	Financial year ended 31 December <u>2001</u> RM'000	9 months period ended 30 September <u>2002</u> RM'000	Financial year ended 30 September <u>2003</u> RM'000
Revenue	-	-	-	-
Profit/(Loss) before depreciation, interest and taxation	-	8	18	(3)
Depreciation	-	-	-	-
Interest expenses	-	-	-	-
Profit/(Loss) before taxation	-	8	18	(3)
Taxation	-	(6)	(6)	(1)
Profit/(Loss) after taxation	-	2	12	(4)
Weighted average number of ordinary shares in issue ('000)	1,700	1,700	1,711	2,700
Gross profit/(loss) per share (sen)	-	0.47	1.05	0.11
Net profit/(loss) per share (sen)	-	0.12	0.70	0.15

10. ACCOUNTANTS' REPORT (Cont'd)

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- (a) There were no extraordinary items/exceptional items in all the financial years/periods under review.
- (b) PPISB has not generated any revenue since the date of its incorporation.
- (c) The tax charge in the financial year ended 31 December 2001 and 30 September 2003 and financial period ended 30 September 2002 represents income tax on interest income.
- (d) The gross profit/(loss) per share have been calculated based on the profit/(loss) before taxation divided by the weighted average number of ordinary shares in issue of the respective financial year/period.
- (e) The net profit/(loss) per share have been calculated based on the profit/(loss) after taxation divided by the weighted average number of ordinary shares in issue of the respective financial year/period.

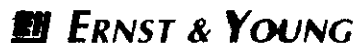
(xiii) TCP

The income statements of TCP based on the audited financial statements for the past five financial years/period ended 30 September 2003 are as follows :

	<- Financial year ended 30 June ->			15 months	Financial year
	<u>1999</u>	<u>2000</u>	<u>2001</u>	period ended	ended
	RM'000	RM'000	RM'000	30 September	30 September
				<u>2002</u>	<u>2003</u>
				RM'000	RM'000
Revenue	2,456	3,345	3,342	4,496	4,689
Profit before depreciation, interest and taxation	701	711	727	855	1,389
Depreciation	(342)	(398)	(374)	(336)	(402)
Interest expenses	(197)	(197)	(200)	(169)	(180)
Profit before taxation	162	116	153	350	807
Taxation	-	(92)	(78)	(186)	(22)
Profit after taxation	162	24	75	164	785
Weighted average number of ordinary shares in issue ('000)	96	96	96	96	96
Gross earnings per share (RM)	1.69	1.21	1.60	3.65	8.41
Net earnings per share (RM)	1.69	0.25	0.78	1.71	8.18

10. ACCOUNTANTS' REPORT (Cont'd)

(Prepared for inclusion in this Prospectus)



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- (a) There were no extraordinary items/exceptional items in all the financial years/period under review.
- (b) Revenue from year 1998 to 1999 maintained at the RM2.5 million level despite the economic slowdown during the period as TCP operations cover mainly printing of books which is not affected by the economic slowdown.

In year 2000 and 2001, revenue increase by 36% compared with year 1999 due to the allocation of more printing jobs from a sister company, PPSB and the securing of overseas contracts.

The revenue for financial periods ended 30 September 2002 and financial year ended 30 September 2003 increased by 8% and 30% respectively from their respective earlier year/period. This is due to increase in orders received from overseas contracts. The significant increase in 2003 is also attributable to increase in the allocation of printing jobs from PPSB.

- (c) There is no income tax for financial year ended 31 December 1999 due to tax waived pursuant to the Income Tax (Amendment) Act 1999.

The effective tax rates for financial year ended 30 June 1998, 2000, 2001 and for financial period ended 30 September 2002 were higher than the statutory tax rate applicable due principally to certain expenses being disallowed for taxation purposes.

The effective tax rate for financial year ended 30 September 2003 is lower than statutory tax rate applicable due principally to utilisation of deferred tax assets not recognised in the previous period and certain income which are not subjected to income tax.

- (d) The gross earnings per share have been calculated based on the profit before taxation divided by the weighted average number of ordinary shares in issue of the respective financial year/period.
- (e) The net earnings per share have been calculated based on the profit after taxation divided by the weighted average number of ordinary shares in issue of the respective financial year/period.

5. DIVIDENDS

No dividend has been paid or declared by Pelangi Publishing and its subsidiaries for the financial years/periods under review except as follows:

	Financial year/period	Issued and fully paid-up capital RM'000	Gross dividend %	RM'000	Tax rate RM'000	Net dividend RM'000
PPSB	31.12.1999	2,000	34.80	696	195	501
	31.12.2000	2,500	100.00	2,500	* -	2,500
	31.12.2000	2,500	111.12	2,778	778	2,000
	30.09.2003	2,500	60.00	1,500	* -	1,500
TPSB	30.09.1999	600	93.00	558	156	402
TCP	30.06.1999	960	5.00	48	14	34

* Tax exempted dividend.

10. ACCOUNTANTS' REPORT (Cont'd)
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6. SUMMARISED BALANCE SHEETS

As the purchase consideration for the acquisitions (except for the purchase consideration for PPISB which is based on the issued and paid capital of RM100,000) as stated in Section 2.3, part (i) is calculated based on the net tangible assets of the respective subsidiaries as at 30 September 2002 as shown by the audited financial statements, it is therefore impractical to present the consolidated balance sheets of the Proforma Group throughout the financial years under review. Accordingly, the consolidated balance sheets of the Proforma Group has been presented by way of proforma statement of assets and liabilities as at 30 September 2003 based on the latest financial statements as at 30 September 2003 of Pelangi Publishing and its subsidiaries as shown in Section 7 of this report.

The audited balance sheets of Pelangi Publishing and its subsidiaries based on their respective financial years/periods end are set out below :

(i) Balance sheet of the Company

	<--- As at 30 September --->	
	<u>2002</u>	<u>2003</u>
	RM'000	RM'000
CURRENT LIABILITIES		
Sundry payables	4	11
NET CURRENT LIABILITIES	<u>(4)</u>	<u>(11)</u>
REPRESENTED BY :		
Share capital	*	**
Accumulated losses	(4)	(11)
	<u>(4)</u>	<u>(11)</u>
Net liabilities per share (RM)	<u>(2,079)</u>	<u>(2,718)</u>

* Represents 2 ordinary shares of RM1.00 each

** Represents 4 ordinary shares of RM0.50 each

10. ACCOUNTANTS' REPORT (Cont'd)
 (Prepared for inclusion in this Prospectus)

(ii) Balance sheets of PPSB

	<----- As at ----->				
	31.12.1999	31.12.2000	31.12.2001	30.9.2002	30.9.2003
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	6,654	7,036	7,298	6,735	6,215
Subsidiaries	1,187	1,187	1,187	1,648	1,603
Associates	96	96	96	-	-
Other investments	932	499	626	499	-
Deferred tax assets	-	-	-	-	292
	8,869	8,818	9,207	8,882	8,110
CURRENT ASSETS					
Inventories	1,917	1,883	2,893	4,490	5,777
Trade receivables	7,602	6,806	11,993	6,874	12,382
Other receivables	4,162	4,501	4,604	4,438	7,368
Marketable securities	-	-	-	-	678
Cash and bank balances	5,111	3,826	1,935	7,166	5,265
	18,792	17,016	21,425	22,968	31,470
CURRENT LIABILITIES					
Short term borrowings	291	1,944	1,103	328	394
Trade payables	4,231	2,120	1,503	1,800	2,140
Other payables	5,776	5,378	6,675	5,726	9,563
Tax payable	1,092	962	1,514	743	56
	11,390	10,404	10,795	8,597	12,153
NET CURRENT ASSETS	7,402	6,612	10,630	14,371	19,317
	16,271	15,430	19,837	23,253	27,427
FINANCED BY:					
Share capital	2,500	2,500	2,500	2,500	2,500
Retained profits	12,743	11,878	16,276	20,107	24,759
Shareholders' equity	15,243	14,378	18,776	22,607	27,259
Long term borrowings	760	759	586	364	168
Deferred tax liabilities	268	293	475	282	-
Non-current liabilities	1,028	1,052	1,061	646	168
	16,271	15,430	19,837	23,253	27,427
Net tangible assets per share (RM)	6.10	5.75	7.51	9.04	10.90

10. ACCOUNTANTS' REPORT (Cont'd)
 (Prepared for inclusion in this Prospectus)

(iii) Balance sheets of PLSB

	<----- As at ----->				
	31.12.1999	31.12.2000	31.12.2001	30.9.2002	30.9.2003
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSET					
Plant and equipment	1	1	1	1	1
CURRENT ASSETS					
Trade receivables	3	3	3	-	-
Deposits	-	-	-	-	3
Cash and bank balances	25	24	22	20	14
	<u>28</u>	<u>27</u>	<u>25</u>	<u>20</u>	<u>17</u>
CURRENT LIABILITIES					
Other payables	1	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
NET CURRENT ASSETS	<u>27</u>	<u>26</u>	<u>24</u>	<u>19</u>	<u>16</u>
	<u>28</u>	<u>27</u>	<u>25</u>	<u>20</u>	<u>17</u>
FINANCED BY:					
Share capital	50	50	50	50	50
Accumulated losses	(22)	(23)	(25)	(30)	(33)
Shareholder's equity	<u>28</u>	<u>27</u>	<u>25</u>	<u>20</u>	<u>17</u>
Net tangible assets per share (RM)	<u>0.56</u>	<u>0.54</u>	<u>0.50</u>	<u>0.40</u>	<u>0.34</u>

10. ACCOUNTANTS' REPORT (Cont'd)

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(iv) Balance sheets of ECSB

	<----- As at ----->				
	31.12.1999	31.12.2000	31.12.2001	30.9.2002	30.9.2003
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property	1,953	1,953	1,953	1,953	1,953
Deferred expenditure	22	-	-	-	-
	<u>1,975</u>	<u>1,953</u>	<u>1,953</u>	<u>1,953</u>	<u>1,953</u>
CURRENT ASSET					
Cash and bank balances	5	1	-	1	1
CURRENT LIABILITIES					
Short term borrowings	98	143	287	397	-
Sundry payables	1,076	1,154	1,154	1,164	1,927
	<u>1,174</u>	<u>1,297</u>	<u>1,441</u>	<u>1,561</u>	<u>1,927</u>
NET CURRENT LIABILITIES					
	<u>(1,169)</u>	<u>(1,296)</u>	<u>(1,441)</u>	<u>(1,560)</u>	<u>(1,926)</u>
	<u>806</u>	<u>657</u>	<u>512</u>	<u>393</u>	<u>27</u>
FINANCED BY:					
Share capital	500	500	500	500	500
Retained profits	(206)	(291)	(364)	(425)	(473)
Shareholder's equity	<u>294</u>	<u>209</u>	<u>136</u>	<u>75</u>	<u>27</u>
Long term borrowings	512	448	376	318	-
	<u>806</u>	<u>657</u>	<u>512</u>	<u>393</u>	<u>27</u>
Net tangible assets per share (RM)	<u>0.54</u>	<u>0.42</u>	<u>0.27</u>	<u>0.15</u>	<u>0.05</u>

10. ACCOUNTANTS' REPORT (Cont'd)
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(v) Balance sheets of CMSB

	<----- As at ----->				
	<u>31.12.1999</u>	<u>31.12.2000</u>	<u>31.12.2001</u>	<u>30.9.2002</u>	<u>30.9.2003</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSET					
Property, plant and equipment	937	898	836	1,241	1,774
CURRENT ASSETS					
Inventories	128	251	142	466	390
Trade receivables	1,057	1,257	1,274	599	731
Other receivables	38	25	23	105	75
Tax recoverable	-	-	9	24	7
Cash and bank balances	1	1	3	4	2
	<u>1,224</u>	<u>1,534</u>	<u>1,451</u>	<u>1,198</u>	<u>1,205</u>
CURRENT LIABILITIES					
Short term borrowings	379	420	366	482	585
Trade payables	623	883	820	681	341
Other payables	560	591	600	541	587
	<u>1,562</u>	<u>1,894</u>	<u>1,786</u>	<u>1,704</u>	<u>1,513</u>
NET CURRENT LIABILITIES					
	<u>(338)</u>	<u>(360)</u>	<u>(335)</u>	<u>(506)</u>	<u>(308)</u>
	<u>599</u>	<u>538</u>	<u>501</u>	<u>735</u>	<u>1,466</u>
FINANCED BY:					
Share capital	220	220	220	220	500
Retained profits	233	232	231	212	308
Shareholders' equity	<u>453</u>	<u>452</u>	<u>451</u>	<u>432</u>	<u>808</u>
Long term borrowings	103	41	8	244	598
Deferred tax liabilities	43	45	42	59	60
Non-current liabilities	<u>146</u>	<u>86</u>	<u>50</u>	<u>303</u>	<u>658</u>
	<u>599</u>	<u>538</u>	<u>501</u>	<u>735</u>	<u>1,466</u>
Net tangible assets per share (RM)	<u>2.06</u>	<u>2.05</u>	<u>2.05</u>	<u>1.96</u>	<u>1.62</u>

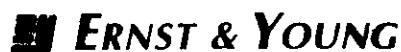
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(vi) Balance sheets of PFSB

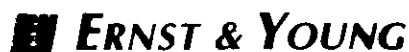
	←----- As at ----->				
	<u>31.12.1999</u>	<u>31.12.2000</u>	<u>31.12.2001</u>	<u>30.9.2002</u>	<u>30.9.2003</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	1,827	2,117	1,894	1,735	1,531
Investments	39	27	12	23	-
	<u>1,866</u>	<u>2,144</u>	<u>1,906</u>	<u>1,758</u>	<u>1,531</u>
CURRENT ASSETS					
Inventories	283	310	223	272	132
Trade receivables	719	582	666	807	850
Other receivables	84	42	36	77	18
Cash and bank balances	246	404	223	12	114
	<u>1,332</u>	<u>1,338</u>	<u>1,148</u>	<u>1,168</u>	<u>1,114</u>
CURRENT LIABILITIES					
Short term borrowings	96	230	234	232	93
Trade payables	356	578	220	325	286
Other payables	1,536	297	378	326	291
Tax payable	-	-	50	19	27
	<u>1,988</u>	<u>1,105</u>	<u>882</u>	<u>902</u>	<u>697</u>
NET CURRENT (LIABILITIES)/ASSETS	<u>(656)</u>	<u>233</u>	<u>266</u>	<u>266</u>	<u>417</u>
	<u>1,210</u>	<u>2,377</u>	<u>2,172</u>	<u>2,024</u>	<u>1,948</u>
FINANCED BY:					
Share capital	850	850	850	850	850
Retained profits	244	318	364	405	445
Shareholders' equity	<u>1,094</u>	<u>1,168</u>	<u>1,214</u>	<u>1,255</u>	<u>1,295</u>
Long term borrowings	33	1,067	827	679	585
Deferred tax liabilities	83	142	131	90	68
Non-current liabilities	<u>116</u>	<u>1,209</u>	<u>958</u>	<u>769</u>	<u>653</u>
	<u>1,210</u>	<u>2,377</u>	<u>2,172</u>	<u>2,024</u>	<u>1,948</u>
Net tangible assets per share (RM)	<u>1.29</u>	<u>1.37</u>	<u>1.43</u>	<u>1.48</u>	<u>1.52</u>

10. ACCOUNTANTS' REPORT (Cont'd)
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(vii) Balance sheets of TPSB

	<----- As at ----->				
	<u>30.9.1999</u>	<u>30.9.2000</u>	<u>30.9.2001</u>	<u>30.9.2002</u>	<u>30.9.2003</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSET					
Property, plant and equipment	2,693	2,860	2,877	2,862	2,711
CURRENT ASSETS					
Inventories	835	566	884	881	1,747
Trade receivables	1,567	1,261	1,981	2,075	2,538
Other receivables	271	131	126	302	108
Marketable securities	-	-	-	-	190
Cash and bank balances	305	337	1,007	371	1,362
	<u>2,978</u>	<u>2,295</u>	<u>3,998</u>	<u>3,629</u>	<u>5,945</u>
CURRENT LIABILITIES					
Short term borrowings	130	120	107	119	98
Trade payables	1,774	493	1,316	139	935
Other payables	375	132	150	306	551
Tax payable	-	259	271	59	194
	<u>2,279</u>	<u>1,004</u>	<u>1,844</u>	<u>623</u>	<u>1,778</u>
NET CURRENT ASSETS	<u>699</u>	<u>1,291</u>	<u>2,154</u>	<u>3,006</u>	<u>4,167</u>
	<u>3,392</u>	<u>4,151</u>	<u>5,031</u>	<u>5,868</u>	<u>6,878</u>
FINANCED BY:					
Share capital	1,000	1,000	1,000	1,000	1,000
Retained profits	1,812	2,612	3,473	4,399	5,648
Shareholders' equity	<u>2,812</u>	<u>3,612</u>	<u>4,473</u>	<u>5,399</u>	<u>6,648</u>
Long term borrowings	559	479	480	385	197
Deferred tax liabilities	21	60	78	84	33
Non-current liabilities	<u>580</u>	<u>539</u>	<u>558</u>	<u>469</u>	<u>230</u>
	<u>3,392</u>	<u>4,151</u>	<u>5,031</u>	<u>5,868</u>	<u>6,878</u>
Net tangible assets per share (RM)	<u>2.81</u>	<u>3.61</u>	<u>4.47</u>	<u>5.40</u>	<u>6.65</u>

10. ACCOUNTANTS' REPORT (Cont'd)
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(viii) Balance sheet of SCSB

	<----- As at ----->			
	<u>31.12.2000</u>	<u>31.12.2001</u>	<u>30.9.2002</u>	<u>30.9.2003</u>
	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS				
Property	7,607	7,942	8,418	10,555
Deferred expenditure	4	-	-	-
	<u>7,611</u>	<u>7,942</u>	<u>8,418</u>	<u>10,555</u>
CURRENT ASSETS				
Sundry receivables	32	-	-	-
Tax recoverable	-	-	3	-
Cash and bank balances	204	209	1	1
	<u>236</u>	<u>209</u>	<u>4</u>	<u>1</u>
CURRENT LIABILITIES				
Short term borrowings	1,279	728	388	1,535
Sundry payables	1,556	2,583	2,173	2,850
Tax payable	2	2	-	21
	<u>2,837</u>	<u>3,313</u>	<u>2,561</u>	<u>4,406</u>
NET CURRENT LIABILITIES				
	<u>(2,601)</u>	<u>(3,104)</u>	<u>(2,557)</u>	<u>(4,405)</u>
	<u>5,010</u>	<u>4,838</u>	<u>5,861</u>	<u>6,150</u>
FINANCED BY :				
Share capital	2,450	2,450	4,004	4,004
(Accumulated losses)/ Retained profit	(115)	(203)	(310)	84
Shareholders' equity	<u>2,335</u>	<u>2,247</u>	<u>3,694</u>	<u>4,088</u>
Long term borrowings	2,675	2,591	2,167	2,062
	<u>5,010</u>	<u>4,838</u>	<u>5,861</u>	<u>6,150</u>
Net tangible assets per ordinary share (RM)				
	<u>0.95</u>	<u>0.92</u>	<u>0.92</u>	<u>1.02</u>

10. ACCOUNTANTS' REPORT (Cont'd)
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(ix) Balance sheet of PESB

	<-----As at----->				
	<u>30.12.1999</u>	<u>31.12.2000</u>	<u>31.12.2001</u>	<u>30.9.2002</u>	<u>30.9.2003</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Subsidiary	-	153	-	-	-
Property, plant and equipment	-	-	1	10	12
	-	153	1	10	12
CURRENT ASSETS					
Trade receivables	-	-	12	4	4
Other receivables	82	82	82	86	3
Cash and bank balances	27	181	203	175	281
	109	263	297	265	288
CURRENT LIABILITIES					
Trade payables	-	-	-	1	-
Other payables	17	127	32	9	5
Tax payable	-	-	-	1	2
	17	127	32	11	7
NET CURRENT ASSETS	92	136	265	254	281
	92	289	266	264	293
FINANCED BY:					
Share capital	100	300	300	300	300
Accumulated losses	(8)	(11)	(34)	(36)	(7)
Shareholders' equity	92	289	266	264	293
Net tangible assets per share (RM)	0.92	0.96	0.89	0.88	0.98

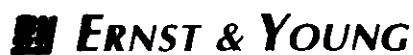
10. ACCOUNTANTS' REPORT (Cont'd)
 (Prepared for inclusion in this Prospectus)



(x) Balance sheet of PPISB

	←----- As at ----->		
	<u>30.6.2001</u>	<u>30.9.2002</u>	<u>30.9.2003</u>
	RM'000	RM'000	RM'000
CURRENT ASSETS			
Sundry receivable	-	-	1
Cash and bank balance	*	*	1,020
	*	*	1,021
CURRENT LIABILITIES			
Sundry payables	-	-	1,009
Tax payable	4	8	1
	4	8	1,010
NET CURRENT LIABILITIES	(4)	(8)	11
FINANCED/(REPRESENTED) BY :			
Share capital	*	*	10
Accumulated losses	(4)	(8)	1
Shareholders' equity	(4)	(8)	11
Net (liabilities)/tangible assets per ordinary share (RM)	(43.90)	(81.74)	1.10

* Represents RM100.

10. ACCOUNTANTS' REPORT (Cont'd)
 (Prepared for inclusion in this Prospectus)


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(xi) Balance sheet of PPHSB

	<----- As at ----->			
	<u>31.12.2000</u>	<u>31.12.2001</u>	<u>30.9.2002</u>	<u>30.9.2003</u>
	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS				
Unquoted investment	-	-	2,590	2,332
Associates	-	-	-	30
Deferred expenditure	13	-	-	-
	<u>13</u>	<u>-</u>	<u>2,590</u>	<u>2,362</u>
CURRENT ASSETS				
Sundry receivables	1,277	357	80	303
Cash and bank balances	418	1,437	47	34
	<u>1,695</u>	<u>1,794</u>	<u>127</u>	<u>337</u>
CURRENT LIABILITIES				
Sundry payables	8	87	1	3
Tax payable	-	5	2	-
	<u>8</u>	<u>92</u>	<u>3</u>	<u>3</u>
NET CURRENT ASSETS	<u>1,687</u>	<u>1,702</u>	<u>124</u>	<u>334</u>
	<u>1,700</u>	<u>1,702</u>	<u>2,714</u>	<u>2,696</u>
FINANCED BY:				
Share capital	1,700	1,700	2,700	2,700
Retained profits/ (Accumulated loss)	-	2	14	(4)
Shareholders' equity	<u>1,700</u>	<u>1,702</u>	<u>2,714</u>	<u>2,696</u>
Net tangible assets per ordinary share (RM)	<u>1.00</u>	<u>1.00</u>	<u>1.01</u>	<u>1.00</u>

10. ACCOUNTANTS' REPORT (Cont'd)
 (Prepared for inclusion in this Prospectus)


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(xii) Balance sheet of TCP

	<----- As at ----->				
	30.6.1999	30.6.2000	30.6.2001	30.9.2002	30.9.2003
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	2,185	2,115	1,748	1,894	4,560
Investments	50	50	50	50	50
	<u>2,235</u>	<u>2,165</u>	<u>1,798</u>	<u>1,944</u>	<u>4,610</u>
CURRENT ASSETS					
Inventories	26	24	29	65	75
Trade receivables	517	555	632	582	1,257
Other receivables	664	672	644	54	141
Cash and bank balances	204	107	126	467	50
	<u>1,411</u>	<u>1,358</u>	<u>1,431</u>	<u>1,168</u>	<u>1,523</u>
CURRENT LIABILITIES					
Short term borrowings	708	669	500	257	707
Trade payables	205	214	309	251	473
Other payables	42	42	62	306	167
Proposed dividend	34	-	-	-	-
Tax payable	41	70	99	175	50
	<u>1,030</u>	<u>995</u>	<u>970</u>	<u>989</u>	<u>1,397</u>
NET CURRENT ASSETS	<u>381</u>	<u>363</u>	<u>461</u>	<u>179</u>	<u>126</u>
	<u>2,616</u>	<u>2,528</u>	<u>2,259</u>	<u>2,123</u>	<u>4,736</u>
FINANCED BY:					
Share capital	956	956	956	956	956
Capital reserve	277	277	277	277	277
Retained profits	208	232	307	471	1,256
Shareholders' equity	<u>1,441</u>	<u>1,465</u>	<u>1,540</u>	<u>1,704</u>	<u>2,489</u>
Long term borrowings	1,175	1,063	719	419	2,247
	<u>2,616</u>	<u>2,528</u>	<u>2,259</u>	<u>2,123</u>	<u>4,736</u>
Net tangible assets per share (RM)	<u>15.07</u>	<u>15.32</u>	<u>16.11</u>	<u>17.82</u>	<u>26.04</u>

10. ACCOUNTANTS' REPORT (Cont'd)
 (Prepared for inclusion in this Prospectus)


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7. STATEMENT OF ASSETS AND LIABILITIES

The following statement of assets and liabilities of the Proforma Group has been prepared based on the audited financial statements of the Company and the subsidiaries as at 30 September 2003 and the assumptions that the interim dividend of PPSB, the acquisition of subsidiaries and the rights issue but before the utilisation of the proceeds from rights issue, had been effected as at 30 September 2003.

	<u>Note</u>	Proforma Group RM'000	The Company RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	9.2	29,313	-
Associates	9.3	40	-
Other investments	9.4	50	-
Deferred tax assets	9.16	292	-
		29,695	-
CURRENT ASSETS			
Inventories	9.5	8,120	-
Trade receivables	9.6	16,319	-
Other receivables	9.7	2,263	-
Tax recoverable		10	-
Marketable securities	9.8	868	-
Cash and bank balances	9.9	8,493	-
		36,073	-
CURRENT LIABILITIES			
Short term borrowings	9.10	3,411	-
Trade payables	9.12	2,730	-
Other payables	9.13	11,211	11
Tax payable		352	-
		17,704	11
NET CURRENT ASSETS			
		18,369	(11)
		48,064	(11)
FINANCED BY			
Share capital	9.14	34,000	*
Share premium		1,438	-
Retained profits		(11)	(11)
Shareholders' equity		35,427	(11)
Reserve on consolidation	9.15	5,949	-
Minority interest		669	-
		42,045	(11)
NON-CURRENT LIABILITIES			
Long term borrowings	9.10	5,858	-
Deferred tax liabilities	9.16	161	-
		6,019	-
		48,064	(11)
Net Tangible Assets/(Liabilities)		41,376	(11)
Net Tangible Assets/(Liabilities) per share (RM)		0.61	(2,750)

10. ACCOUNTANTS' REPORT (Cont'd)

(Prepared for inclusion in this Prospectus)



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8. CASH FLOW STATEMENTS

The proforma consolidated cash flow statements of the Pelangi Publishing Group and the Company for the year ended 30 September 2003 are prepared based on the latest audited financial statements of the Company and its subsidiaries as at 30 September 2003 on the assumption that the interim dividend of PPSB, the acquisition of subsidiaries and the rights issue but before the utilisation of the proceeds from rights issue had been effected as at 30 September 2003.

	Proforma <u>Group</u> RM'000	The <u>Company</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	10,062	(7)
Adjustments for :		
Amortisation of goodwill	183	-
Bad debts written off	61	-
Depreciation	2,167	-
Property, plant and equipment written off	8	-
Gain on disposal of property, plant and equipment	(740)	-
Gain on partial disposal of shares in a subsidiary	(30)	-
Gain on disposal of quoted investment	(112)	-
Interest income	(177)	-
Interest expenses	445	-
Provision for diminution in value of marketable securities	33	-
Provision for doubtful debts	1,560	-
Provision for impairment loss on investment in associate	30	-
Share of results of associates	(16)	-
Operating profit/(loss) before working capital changes	13,474	(7)
Inventories	(1,946)	-
Receivables	(6,275)	-
Payables	2,334	(7)
Cash generated from operating activities	7,587	-
Interest paid	(445)	-
Tax paid	(4,045)	-
Net cash from operating activities	3,097	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	177	-
Purchase of marketable securities	(890)	-
Purchase of other investments	(91)	-
Proceeds from partial disposal of shares in subsidiary	275	-
Proceeds from disposal of other investments	725	-
Purchase of property, plant and equipment	(3,611)	-
Purchase of investment in associates	(60)	-
Proceeds from disposal of property, plant and equipment	898	-
Net cash used in investing activities	(2,577)	-

10. ACCOUNTANTS' REPORT (Cont'd)
 (Prepared for inclusion in this Prospectus)



CASH FLOW STATEMENTS (CONT'D)

	Proforma <u>Group</u> RM'000	<u>The Company</u> RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,500)	-
Drawdown of term loans	1,221	-
Proceeds from rights issue	1,850	-
Proceeds from issuance of ordinary shares to minority interest	56	-
Repayment of term loans	(1,464)	-
Repayment of hire purchase and finance lease	(843)	-
Repayment of trust receipts	(46)	-
Net cash used in financing activities	<u>(726)</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(206)	-
CASH AND CASH EQUIVALENT AT 1 OCTOBER 2002	<u>7,390</u>	<u>-</u>
CASH AND CASH EQUIVALENT AT 30 SEPTEMBER 2003 (NOTE 9.9)	<u>7,184</u>	<u>-</u>