

9. FINANCIAL INFORMATION**9.1 Historical Financial Information**

The following information is extracted from the Accountants' Report set out in section 10 and should be read in conjunction with the notes thereto. The information is presented for illustrative purposes only, based on the assumption that the current corporate structure of DPS Resources Group has been in place since 1 January 1999.

	Financial Year Ended 31 December					3 Months Period Ended 31.3.2004 (RM'000)
	1999	2000	2001	2002	2003	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
Revenue	32,591	53,911	56,913	55,210	65,806	17,084
Profit before amortization, depreciation, interest and taxation	7,958	10,647	11,206	12,512	14,427	4,020
Amortization and depreciation	(982)	(1,724)	(1,955)	(2,195)	(2,788)	(873)
Interest expense	(1,544)	(1,679)	(2,322)	(2,278)	(2,222)	(477)
Profit before exceptional items	5,432	7,244	6,929	8,039	9,417	2,670
Exceptional items	-	-	-	-	-	-
PBT	5,432	7,244	6,929	8,039	9,417	2,670
Taxation	(856)	(433)	19	(409)	(359)	(447)
Profit from ordinary activities	4,576	6,811	6,948	7,630	9,058	2,223
Extraordinary items	-	-	-	-	-	-
Net profit	4,576	6,811	6,948	7,630	9,058	2,223
Assumed number of Shares in issue ('000)	120,000	120,000	120,000	120,000	120,000	120,000
Net EPS (Sen)	3.81	5.68	5.79	6.36	7.55	

9.2 Analysis Of Historical Financial Information**9.2.1 Analysis Of Revenue**

	Financial Year Ended 31 December					3 Months Period Ended 31.3.2004 (RM'000)
	1999	2000	2001	2002	2003	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
<u>By Companies</u>						
DPS Resources	-	-	-	-	-	-
Shantawood	30,744	44,603	50,644	43,483	53,631	14,510
DPS Industries	1,847	9,308	6,269	11,727	12,175	2,574
	32,591	53,911	56,913	55,210	65,806	17,084
<u>By Products</u>						
Rubberwood furniture	20,210	27,112	36,390	33,110	47,672	13,250
Kiln drying services and furniture components	3,963	19,005	15,174	17,819	13,247	3,231
Rooftruss	8,329	7,266	5,349	4,281	3,897	603
Others	89	528	-	-	990	-
	32,591	53,911	56,913	55,210	65,806	17,084
<u>By Geographic Distributions</u>						
Local	13,487	27,457	22,044	22,297	19,935	3,834
Export	19,104	26,454	34,869	32,913	45,871	13,250
	32,591	53,911	56,913	55,210	65,806	17,084

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9. FINANCIAL INFORMATION**Commentaries**

Increase of revenue in financial year ended 31 December 2000 was in line with improvement of manufacturing processes and increase in production capacity of DPS Resources Group. Sales in financial years ended 31 December 2001 and 2002 were fairly stable. Revenues decreased marginally in 2002 due to occurrence of fire incidents. The Group recorded significant increase of 19% in 2003 due to strong demand of rubberwood furniture from both existing and new customers.

With a minimum contribution of 79% in the five (5) financial years ended 31 December 2003 and the three (3) months ended 31 March 2004, Shantawood has been the core contributor to the revenue of DPS Resources Group.

By products, with revenue contributions exceeding 50% in the five (5) financial years ended 31 December 2003 and the three (3) months ended 31 March 2004, rubberwood furniture have remained the main contributors to revenue of DPS Resources Group. Provision of kiln drying services and manufacture of furniture components have also contributed significantly to its revenue. In line with its policy to reduce dependence on rooftruss required by local construction industries, revenue from sales of rooftruss has been declining and only constituted about 6% of total revenue in 2003.

Export sales in the five (5) financial years ended 31 December 2003 and the three (3) months ended 31 March 2004, were solely from sales of rubberwood furniture. With exports approximating 60% to 80% in the period under review save for 2000, DPS Resources Group is clearly an export oriented company. The higher local sales in 2000 was principally due to higher demand for furniture components by former subsidiaries of Shantawood.

Further details are set out in the Accountants' Report set out in section 10.

9.2.2 Analysis Of Profit After Taxation

	Financial Year Ended 31 December					3 Months Period Ended 31.3.2004 (RM'000)
	1999 (RM'000)	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)	
By Companies						
DPS Resources	-	-	-	-	(21)	(10)
Shantawood	4,134	4,928	5,719	6,004	6,435	1,630
DPS Industries	442	1,883	1,229	1,626	2,644	603
	4,576	6,811	6,948	7,630	9,058	2,223
By Products						
Rubberwood furniture	2,169	2,676	3,651	3,825	5,940	1,639
Kiln drying services and furniture components	370	2,333	2,181	2,823	2,209	470
Rooftruss	2,008	1,494	1,116	982	909	114
Others	29	308	-	-	-	-
	4,576	6,811	6,948	7,630	9,058	2,223
By Geographic Distributions						
Local	2,526	4,200	3,450	3,826	3,345	584
Export	2,050	2,611	3,498	3,804	5,713	1,639
	4,576	6,811	6,948	7,630	9,058	2,223

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9. FINANCIAL INFORMATION (CONT'D)**Commentaries**

Consistent with the revenue contribution, Shantawood, by companies, and rubberwood furniture, by products, have been the core contributors to the profits of DPS Resources Group for the five (5) financial years ended 31 December 2003, and the three (3) months ended 31 March 2004. For the financial years ended 31 December 1999 to 2002, it is noted that by geographic distributions, contributions from local sales to profits of DPS Resources Group have generally exceeded those of export sales. This was mainly due to the lower margins of rubberwood furniture which made up the entire export sales, as compared to the higher margins of kiln drying services and furniture components and rooftruss which were mainly sold to local customers. Nonetheless, for the past financial year ended 31 December 2003 and the three (3) months ended 31 March 2004, contributions from export sales exceeded those of local sales. This was mainly due to the increased proportion of export sales.

The Directors of DPS Resources are of the opinion that the net profit margins of DPS Resources Group for the manufacture of rubberwood furniture and furniture components, and kiln drying services, for the five (5) financial years ended 31 December 2003 and the three (3) months ended 31 March 2004, which ranged from 10% to 14%, are within the norm in the rubberwood furniture industry.

9.3 Declaration On Financial Performance, Position And Operations

Save as disclosed in this Prospectus and as set out below, the Directors of DPS Resources declare that:-

- i) there are no known trends, demands, commitments, events or uncertainties that have had, or that DPS Resources Group reasonably expects to have, a material favourable or unfavourable impact on financial performance, position and operations of DPS Resources Group, other than those set out in this Prospectus;
- ii) save for capital commitment of RM3,531,600 for construction of buildings and acquisition of plant and machineries, as detailed in section 9.4.5, there are no material capital expenditure commitments;
- iii) there are no unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of DPS Resources Group; and
- iv) there are no known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

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9. FINANCIAL INFORMATION (CONT'D)**9.4 Working Capital, Borrowings, Material Litigation And Arbitration, Contingent Liabilities And Material Commitments****9.4.1 Working Capital**

The Directors of DPS Resources are of the opinion that, after taking into account the current cash flow position, the banking facilities available and the net proceeds from the Listing Scheme, DPS Resources Group will have adequate working capital for a period of 12 months from the date of issue of this Prospectus.

9.4.2 Borrowings

As at 15 July 2004, being the latest practicable date prior to the printing of this Prospectus, the total outstanding borrowings of DPS Resources Group, amounted to approximately RM15 million. All its outstanding borrowings are interest-bearing liabilities, and relate to borrowings from local financial institutions. The outstanding borrowings can be analysed further as follows:-

Type Of Borrowings	Outstanding Amount As At 15.7.2004 (RM'000)
Short-term	10,434
Long-term	4,849
	15,283

The Directors of DPS Resources confirm that there has been no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year ended 31 December 2003 up to 15 July 2004.

Certain bank borrowings are secured using properties of companies in which Datuk Dr Sow Chin Chuan and Datin Chu Kim Guek have substantial shareholdings and/or directorships.

9.4.3 Material Litigation And Arbitration

As at 15 July 2004, being the latest practicable date prior to the printing of this Prospectus, DPS Resources Group is not engaged in any material litigation or arbitration, either as plaintiff or defendant, which has a material effect on the business or financial position of DPS Resources Group, and the Directors of DPS Resources have no knowledge of any proceeding pending or threatened against DPS Resources Group, or of any fact likely to give rise to any proceeding, which might materially and adversely affect the business or financial position of DPS Resources Group.

9.4.4 Contingent Liabilities

The Directors of DPS Resources declare that as at 15 July 2004, being the latest practicable date prior to the printing of this Prospectus, they are not aware of any contingent liability which, upon becoming enforceable, may materially affect the profit or net asset value of DPS Resources Group.

9.4.5 Material Commitments

Save as disclosed below, as at 15 July 2004, being the latest practicable date prior to the printing of this Prospectus, DPS Resources Group has no material commitments.

Material Commitment	RM
Construction of buildings (approved and contracted)	31,600
Acquisition of plant and machineries (approved and not contracted for)	3,500,000
	3,531,600

9. FINANCIAL INFORMATION (CONT'D)

9.5 Consolidated Profit Forecast



MEMBER FIRM OF
MALAYSIAN INSTITUTE OF ACCOUNTANTS

OWEN KOH & ASSOCIATES

(FIRM NO. AF 0043)

CHARTERED ACCOUNTANTS

195 TAMAN MELAKA RAYA 75000 MALACCA MALAYSIA. TELEPHONE: 606-2846555 FAX: 606-2830606

專持許會計師樓
皇家特許會計師

22 July 2004

The Board of Directors,
DPS Resources Berhad,
195-B Taman Melaka Raya,
75000 Melaka.

Dear Sirs,

PROFORMA CONSOLIDATED PROFIT FORECAST

We have reviewed the proforma consolidated profit forecast of DPS Resources Berhad and its subsidiaries ("DPS Resources Group") for the year ending 31 December 2004 as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the standard [ISA 810] applicable to the review of forecast. The proforma consolidated profit forecast has been prepared for inclusion in the Prospectus of DPS Resources Berhad ("DPS Resources") in connection with the following:

(a) Public Issue

Public issue of 11,500,000 new ordinary shares of RM0.50 each in DPS Resources at an issue price of RM0.75 per share.

(b) Offer for Sale

Offer for sale of 11,000,000 ordinary shares of RM0.50 each in DPS Resources at an offer price of RM0.75 per share.

(c) Listing of and Quotation for DPS Resources Shares

Listing of and quotation for the entire enlarged issued and paid-up share capital of DPS Resources comprising 120,000,000 ordinary shares of RM0.50 each on the Second Board of the Bursa Malaysia Securities Berhad (formerly known as Malaysian Securities Exchange Berhad).

Our review has been undertaken to enable us to form an opinion as to whether the proforma consolidated profit forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by DPS Resources Group in its audited financial statements for the period of three months ended 31 March 2004. The Directors of DPS Resources are solely responsible for the preparation and presentation of the proforma consolidated profit forecast and the assumptions on which the forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which proforma consolidated profit forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

9. FINANCIAL INFORMATION (CONT'D)

Owen Koh & Associates
Chartered Accountants

Subject to the matters stated in the preceding paragraphs:

- (a) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the proforma consolidated profit forecast for the year ending 31 December 2004; and
- (b) in our opinion, the proforma consolidated profit forecast for the year ending 31 December 2004, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by DPS Resources Group in its audited financial statements for the period of three months ended 31 March 2004.

Yours faithfully,



Owen Koh & Associates
Firm No.: AF 0043
Chartered Accountants



Koh Foo Ghe
No.: 897/3/06(J)
Partner Of The Firm

9. FINANCIAL INFORMATION (CONT'D)

APPENDIX

**DPS RESOURCES BERHAD
AND ITS SUBSIDIARIES ("DPS RESOURCES GROUP")****PROFORMA CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS**

The Directors forecast that the proforma consolidated profit forecast after taxation and minority interest of DPS Resources Group for the year ending 31 December 2004 will be as follows:

	Year Ending 31 December 2004 RM'000
Revenue	<u>69,607</u>
Consolidated profit before taxation	11,158
Less: Taxation	<u>(1,511)</u>
Consolidated profit after taxation but before minority interest	9,647
Less: Minority interest	—
Consolidated profit after taxation and minority interest	<u>9,647</u>
Number of shares ('000)	<u>120,000</u>
Basic net earnings per share (sen)	<u>8.04</u>
Diluted net earnings per share (sen)	<u>8.04</u>
Price-earnings multiple on the offer price of RM0.75 per share (time)	<u>9.33</u>



9. FINANCIAL INFORMATION (CONT'D)

APPENDIX (CONT'D)

The principal assumptions upon which the above proforma consolidated profit forecast have been made are as follows:

1. DPS Resources will carry out the following, which shall hereinafter be collectively referred to as the "Listing Scheme":
 - (i) Public Issue

Public issue of 11,500,000 new ordinary shares of RM0.50 each in DPS Resources at an issue price of RM0.75 per share.
 - (ii) Offer for Sale

Offer for sale of 11,000,000 ordinary shares of RM0.50 each in DPS Resources at an offer price of RM0.75 per share.
 - (iii) Listing of and Quotation for DPS Resources Shares

Listing of and quotation for the entire enlarge issued and paid-up share capital of DPS Resources comprising 120,000,000 ordinary shares of RM0.50 each on the Second Board of the Bursa Malaysia Securities Berhad (formerly known as Malaysian Securities Exchange Berhad).
2. There will be no significant changes in the principal activities and the group structure of DPS Resources Group.
3. There will be no significant changes to the prevailing Malaysian and world economic environment and political conditions, which may directly or indirectly have an adverse effect on the activities or performance of DPS Resources Group.
4. There will be no significant changes in present legislation and government regulations adversely affecting DPS Resources Group's activities or the market in which it operates.
5. There will be no significant fluctuation in inflation, interest and foreign currency exchange rates.
6. Sales and related costs as forecasted by the Directors take into consideration the present market condition of selling prices and related costs of DPS Resources Group. Generally the current trend of increasing demand for DPS Resources Group will be maintained. There will be no significant changes to the prices and utilisation rates of raw materials, labour, costs of production and other operating costs of DPS Resources Group.
7. There will be no major industrial disputes, breakdown or disruptions in the production facilities, supply of raw materials, supply of labour or other abnormal factors, both domestic and overseas which will adversely affect the activities and performance of DPS Resources Group.



9. FINANCIAL INFORMATION (CONT'D)

APPENDIX (CONT'D)

8. Existing financing facilities will remain available and the level of interest rates will not change materially from those prevailing. DPS Resources Group will also be able to obtain additional financing facilities at interest rates approximate to those currently available to DPS Resources Group.
9. Capital expenditure programs are expected to take place according to schedule with no material changes in the cost or price forecasted.
10. It is assumed that there will be no significant changes in the present income tax rate.
11. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unabsorbed tax losses and unutilised tax credit to the extent that it is probable that taxable profits will be available in the future against which the deferred tax assets recognised can be utilised.
12. There will be no significant changes in management structure and accounting policies normally adopted by the companies within DPS Resources Group.
13. The dividends of DPS Resources Group will be paid as follows:
 - (i) Proposed final dividends at the rate of 35% (tax exempt) and 35% (tax exempt) in respect of financial year 2004 by subsidiaries Shantawood and DPS Industries respectively will be paid in the financial year 2005.
 - (ii) Proposed final dividends at the rate of 6% (tax exempt) in respect of financial year 2004 by DPS Resources will be paid in the financial year 2005.
14. The estimated listing expenses for the Listing Scheme of RM2.3 million will be set-off against the share premium account in financial year 2004.
15. The proceeds from restricted issue and public issue of RM11,299,998 and RM8,625,000 respectively will be utilised as follows:

	RM'000
Reduction of bankers acceptance utilisation	3,600
Reduction of revolving credit utilisation	5,900
Purchase of fixed assets	3,500
Payment of estimated listing expenses	2,300
Working capital	<u>4,625</u>
	<u>19,925</u>



9. FINANCIAL INFORMATION (CONT'D)**9.6 Directors' Analysis And Commentary On The Consolidated Profit Forecast**

The Directors of DPS Resources confirm that the Consolidated Profit Forecast of DPS Resources Group for the financial year ending 31 December 2004, and the underlying bases and assumptions as set out in section 9.5, have been reviewed by the Directors of DPS Resources after due and careful enquiry, and that the Directors of DPS Resources, having taken into account the future prospects of the industry, the future plans and strategies of DPS Resources Group, and its level of gearing, liquidity and working capital requirements, are of the opinion that the Consolidated Profit Forecast is achievable, and the assumptions made are reasonable.

Nevertheless, because of the inherent uncertainties of forecasts, and because events and circumstances frequently do not occur as predicted, actual results may significantly differ from the forecast.

9.7 Dividend Forecast And Policy

Subject to the prevailing laws and legislation, it will be the policy of the Directors of DPS Resources to recommend dividends to allow shareholders to participate in the profits of DPS Resources Group as well as leaving adequate reserves for its future growth.

On the basis of the Consolidated Profit Forecast, and on the assumption that the present basis for calculating taxation and the rates of taxation will remain unchanged, the Directors of DPS Resources expect that they would be in a position to propose a tax exempt dividend of 6.0% for the financial year ending 31 December 2004.

	Financial Year Ending 31.12.2004
Gross dividend per Share (sen)	3.0
Net dividend per Share (sen)	3.0
Gross dividend per Share (%)	6.0
Net dividend per Share (%)	6.0
Gross dividend yield based on the IPO Price of RM0.75 per Share (%)	4.0
Net dividend yield based on the IPO Price of RM0.75 per Share (%)	4.0
Net dividend cover (times)	2.7

Investors should note that actual dividends proposed and declared, may vary depending on the financial performance and cash flows of DPS Resources Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of DPS Resources Group.

9.8 Sensitivity Analysis

The following sensitivity analyses of the Consolidated Profit Forecast for the financial year ending 31 December 2004, are prepared by DPS Resources Group. The analyses are prepared based on the assumptions set out in section 9.5, assuming all other things remain unchanged, except for the 5% and 10% upward or downward variations in firstly, the selling prices of products, secondly, the sales volume of products, and lastly, the cost of sales, and their related variables. The Directors are of the view that the main vulnerabilities, in so far as the achievement of the Consolidated Profit Forecast for the financial year ending 31 December 2004 is concerned, are fluctuations in the selling prices of products, sales volume of products and cost of sales.

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9. FINANCIAL INFORMATION (CONT'D)**9.8.1 Variation In Selling Prices Of Products**

Variation In Selling Prices	Forecast For The Financial Year Ending 31.12.2004					
	Turnover (RM'000)	Variation (%)	PBT (RM'000)	Variation (%)	PAT (RM'000)	Variation (%)
As forecasted	69,607		11,158		9,647	
Up 10%	76,555	10	18,106	62	16,011	66
Up 5%	73,075	5	14,626	31	12,823	33
Down 5%	66,115	(5)	7,666	(31)	6,449	(33)
Down 10%	62,636	(10)	4,187	(62)	3,261	(66)

9.8.2 Variation In Sales Volume Of Products

Variation In Sales Volume	Forecast For The Financial Year Ending 31.12.2004					
	Turnover (RM'000)	Variation (%)	PBT (RM'000)	Variation (%)	PAT (RM'000)	Variation (%)
As forecasted	69,607		11,158		9,647	
Up 10%	76,555	10	13,239	19	11,553	20
Up 5%	73,075	5	12,192	9	10,594	10
Down 5%	66,115	(5)	10,100	(9)	8,678	(10)
Down 10%	62,636	(10)	9,054	(19)	7,719	(20)

9.8.3 Variation In Cost Of Sales

Variation In Cost Of Sales	Forecast For The Financial Year Ending 31.12.2004			
	PBT (RM'000)	Variation (%)	PAT (RM'000)	Variation (%)
As forecasted	11,158		9,647	
Up 10%	6,291	(44)	5,189	(46)
Up 5%	8,725	(22)	7,418	(23)
Down 5%	13,592	22	11,876	23
Down 10%	16,025	44	14,105	46

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9. FINANCIAL INFORMATION (CONT'D)

9.9 Proforma Consolidated Balance Sheets Of DPS Resources As At 31 March 2004



MEMBER FIRM OF
MALAYSIAN INSTITUTE OF ACCOUNTANTS

OWEN KOH & ASSOCIATES

(FIRM NO. AF 0043)

CHARTERED ACCOUNTANTS

195 TAMAN MELAKA RAYA 75000 MALACCA MALAYSIA. TELEPHONE: 606-2946555 FAX: 606-2830606

專持許會計師樓
皇家特許會計師

22 July 2004

The Board of Directors,
DPS Resources Berhad,
195-B Taman Melaka Raya,
75000 Melaka.

Dear Sirs,

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2004

We have examined the presentation of the Proforma Consolidated Balance Sheets of the DPS Resources Berhad and its subsidiaries ("DPS Resources Group") as at 31 March 2004 together with the notes thereon for which the Directors are solely responsible as set out in the Appendix which we have stamped for the purpose of identification, for inclusion in the Prospectus of DPS Resources Berhad ("DPS Resources") in connection with the following:

(a) Public Issue

Public issue of 11,500,000 new ordinary shares of RM0.50 each in DPS Resources at an issue price of RM0.75 per share.

(b) Offer for Sale

Offer for sale of 11,000,000 ordinary shares of RM0.50 each in DPS Resources at an offer price of RM0.75 per share.

(c) Listing of and Quotation for DPS Resources Shares

Listing of and quotation for the entire enlarged issued and paid-up share capital of DPS Resources comprising 120,000,000 ordinary shares of RM0.50 each on the Second Board of the Bursa Malaysia Securities Berhad (formerly known as Malaysian Securities Exchange Berhad).

In our opinion:

- (a) the Proforma Consolidated Balance Sheets of DPS Resources Group as at 31 March 2004, which are prepared for illustrative purposes only, have been properly compiled on the basis set out in the notes to the Proforma Consolidated Balance Sheets and such basis is consistent with the accounting policies adopted by DPS Resources Group; and
- (b) the adjustments are appropriate for the purposes of the Proforma Consolidated Balance Sheets.

Yours faithfully,

Owen Koh & Associates
Firm No.: AF 0043
Chartered Accountants

Koh Foo Ghe
No.: 897/3/06(J)
Partner Of The Firm

9. FINANCIAL INFORMATION (CONT'D)

APPENDIX

**DPS RESOURCES BERHAD
AND ITS SUBSIDIARIES ("DPS RESOURCES GROUP")**

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2004

The proforma consolidated balance sheets of DPS Resources Group as at 31 March 2004 as set out below are provided for illustrative purposes only:

The Company	Proforma I	Proforma II	Proforma III	Proforma IV
As at 31 March 2004 RM'000	After Special Dividends and Acquisitions RM'000	After Proforma I and Restricted Issue RM'000	After Proforma II and Public Issue RM'000	After Proforma III and Utilisation of proceeds RM'000
PROPERTY, PLANT AND EQUIPMENT	-	63,237	63,237	66,737
DEFERRED EXPENDITURE	454	454	454	-
CURRENT ASSETS				
Inventories	-	12,488	12,488	12,488
Trade receivables	-	8,249	8,249	8,249
Other debtors, deposits and prepayments	-	3,220	3,220	3,220
Cash, deposit and bank balances	** -	276	3,433	17
	<u>-</u>	<u>24,233</u>	<u>27,390</u>	<u>23,974</u>
CURRENT LIABILITIES				
Trade payables	-	4,602	4,602	4,602
Finance lease creditors	-	723	723	723
Amount due to a director	-	614	614	614
Other creditors and accruals	485	3,139	3,139	3,139
Current portion of term loans	-	1,437	1,437	1,437
Revolving credit	-	5,973	5,973	73
Bankers acceptance	-	10,172	10,172	6,572
Bank overdrafts	-	8,143	-	2,805
Provision for taxation	-	474	474	474
	<u>485</u>	<u>35,277</u>	<u>27,134</u>	<u>20,439</u>
NET CURRENT (LIABILITIES)/ASSETS	<u>(485)</u>	<u>(11,044)</u>	<u>256</u>	<u>3,535</u>
	<u>(31)</u>	<u>52,647</u>	<u>63,947</u>	<u>70,272</u>



9. FINANCIAL INFORMATION (CONT'D)

APPENDIX (CONT'D)

	The Company	Proforma I	Proforma II	Proforma III	Proforma IV
	As at 31 March 2004 RM'000	After Special Dividends and Acquisitions RM'000	After Proforma I and Restricted Issue RM'000	After Proforma II and Public Issue RM'000	After Proforma III And Utilisation of proceeds RM'000
SHAREHOLDERS' FUNDS					
Share capital	** -	42,950	54,250	60,000	60,000
Share premium	-	87	87	2,962	662
Reserve on consolidation	-	3,185	3,185	3,185	3,185
Accumulated loss	* <u>(31)</u> (31)	<u>(31)</u> 46,191	<u>(31)</u> 57,491	<u>(31)</u> 66,116	<u>(31)</u> 63,816
LONG TERM LIABILITIES					
Finance lease creditors	-	901	901	901	901
Term loans	-	4,217	4,217	4,217	4,217
Deferred taxation	-	<u>1,338</u>	<u>1,338</u>	<u>1,338</u>	<u>1,338</u>
	<u>(31)</u>	<u>52,647</u>	<u>63,947</u>	<u>72,572</u>	<u>70,272</u>
NET TANGIBLE (LIABILITIES) / ASSETS (RM'000)					
	<u>(485)</u>	<u>45,737</u>	<u>57,037</u>	<u>65,662</u>	<u>63,816</u>
NET TANGIBLE (LIABILITIES) / ASSETS PER SHARE (RM)					
	<u>(121,250)</u>	<u>0.532</u>	<u>0.526</u>	<u>0.547</u>	<u>0.532</u>

* The Company was incorporated on 9 October 2003 and assumed with an authorised capital of RM100,000,000 divided into 200,000,000 ordinary share of RM0.50 each. The incorporation expenses and pre-operating expenses incurred until 31 March 2004 amounted to RM31,034 were written off to the Income Statement.

** Share capital of RM2 and cash in hand of RM2



9. FINANCIAL INFORMATION (CONT'D)

APPENDIX (CONT'D)

**DPS RESOURCES BERHAD
AND ITS SUBSIDIARIES ("DPS RESOURCES GROUP")**

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS

1. The Proforma Consolidated Balance Sheets have been prepared for illustrative purposes based on accounting principles and bases consistent with those previously adopted in the preparation of the audited financial statements of DPS Resources and its following subsidiaries:

- (i) Shantawood
- (ii) DPS Industries

2. The Listing Scheme is assumed to have been effected on 31 March 2004 in the following manner:

- (i) Proforma I - After Special Dividends and Acquisitions

(a) Special Dividends refer to special dividends in respect of financial year ended 31 December 2003 paid before Acquisitions by Shantawood at the rate of 49.5% (tax exempt) and by DPS Industries at the rate of 47% (tax exempt).

(b) Acquisitions refer to Acquisition of Shantawood, Acquisition of DPS Industries and Transfer of DPS Industries as follows:

Acquisition of Shantawood

Acquisition of the entire issued and paid-up capital of Shantawood comprising 8,662,140 ordinary shares of RM1.00 each for a purchase consideration of RM39,635,284 satisfied by the issuance of 79,110,168 new ordinary shares of RM0.50 each in DPS Resources.

Acquisition of DPS Industries

Acquisition of 36.7% issued and paid up capital of DPS Industries comprising 1,100,000 ordinary shares of RM1.00 each for a purchase consideration of RM3,401,799 satisfied by the issuance of 6,789,832 new ordinary shares of RM0.50 each in DPS Resources.

Transfer of DPS Industries

Acquisition from Shantawood of the remaining 63.3% of issued and paid-up capital of DPS Industries comprising 1,900,000 ordinary shares of RM1.00 each which are owned by Shantawood for a purchase consideration of RM5,875,835 satisfied by cash. Upon completion of the Transfer of DPS Industries, DPS Industries became a direct subsidiary of DPS Resources.

- (ii) Proforma II - After Proforma I and Restricted Issue

Restricted issue refers to:

Restricted issue of 22,599,996 new ordinary shares of RM0.50 each in DPS Resources at an issue price of RM0.50 per share.



9. FINANCIAL INFORMATION (CONT'D)

APPENDIX (CONT'D)

(iii) Proforma III - After Proforma II and Public Issue

Public Issue refers to:

Public issue of 11,500,000 new ordinary shares of RM0.50 each in DPS Resources at an issue price of RM0.75 per share.

(iv) Proforma IV - After Proforma III and utilisation of proceeds

Proceeds from the Restricted Issue and Public Issue will be utilised as follows:

	RM'000
Reduction of bankers acceptance utilisation	3,600
Reduction of revolving credit utilisation	5,900
Purchase of fixed assets	3,500
Payment of estimated listing expenses	2,300
Working capital	<u>4,625</u>
	<u>19,925</u>

Total estimated listing expenses are RM2,300,000 and are written off against the Share Premium Reserve.

(v) All inter-company balances have been eliminated in arriving at the Proforma Consolidated Balance Sheets.

(vi) The Proforma Consolidated Balance Sheets are arrived at using the acquisition method of accounting.

3. AMOUNT DUE TO A DIRECTOR

The amount was due to the Director, Datuk Sow Chin Chuan. On 25 June 2004, it had been repaid to the Director.

4. SHARE CAPITAL

The movement of the issued and paid-up share capital of DPS Resources after taking into account the Acquisitions, Restricted Issue and Public Issue are as follows:

	RM
As at date of incorporation	2
Shares issued pursuant to the acquisition of the subsidiaries	42,950,000
Restricted Issue	11,299,998
Public Issue	<u>5,750,000</u>
Per Proforma Consolidated Balance Sheet	<u>60,000,000</u>



9. FINANCIAL INFORMATION (CONT'D)

APPENDIX (CONT'D)

5. SHARE PREMIUM

The movement of the share premium of DPS Resources after taking into account the Acquisitions, Restricted Issue and Public Issue are as follows:

	RM
As at date of incorporation	-
Premium arising from the Acquisitions	<u>87,083</u>
Per Proforma Consolidated Balance Sheet I	87,083
Share premium arising from the Public Issue	<u>2,875,000</u>
Per Proforma Consolidated Balance Sheet III	2,962,083
Estimated listing expenses	<u>(2,300,000)</u>
Per Proforma Consolidated Balance Sheet IV	<u>662,083</u>

6. RESERVE ON CONSOLIDATION

The reserve on consolidation is arrived at by comparing the investment cost and the adjusted audited net tangible assets ("NTA") as at 31 March 2004 as follows:

	<u>Shantawood</u>	<u>DPS Industries</u>	<u>Total</u>
	RM	RM	RM
Investment cost	39,635,284	3,401,799	43,037,083
NTA based on the audited financial statements	<u>46,875,245</u>	<u>4,151,632</u>	<u>51,026,877</u>
Less : Special dividends	<u>(4,287,759)</u>	<u>*(517,000)</u>	<u>(4,804,759)</u>
Adjusted audited NTA	42,587,486	3,634,632	46,222,118
	<u>(2,952,202)</u>	<u>(232,833)</u>	<u>(3,185,035)</u>

* amount exclusive of RM893,000 special dividends paid to Shantawood.

