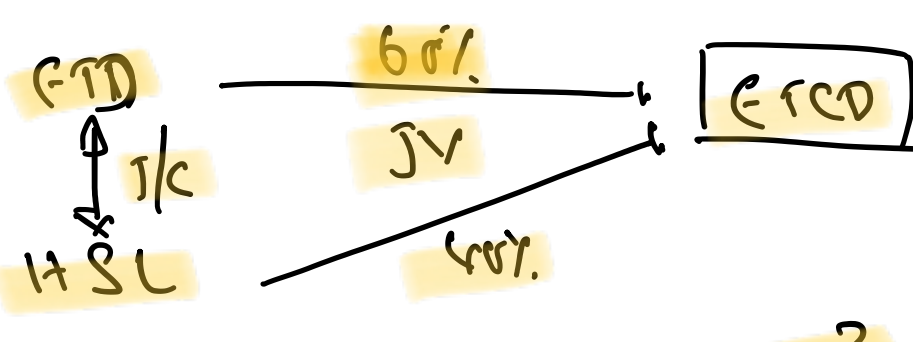
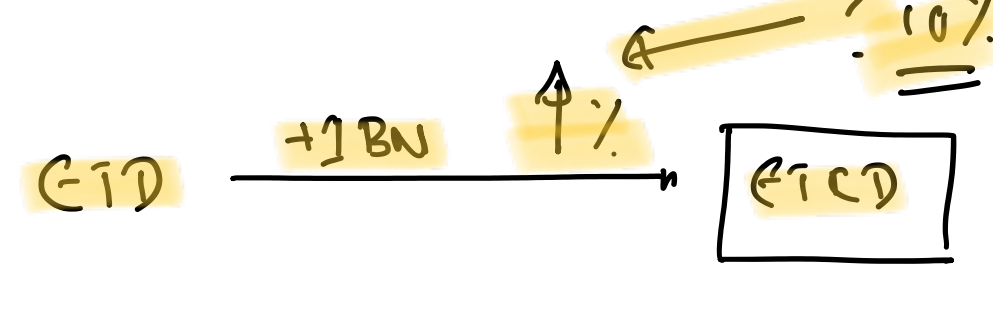


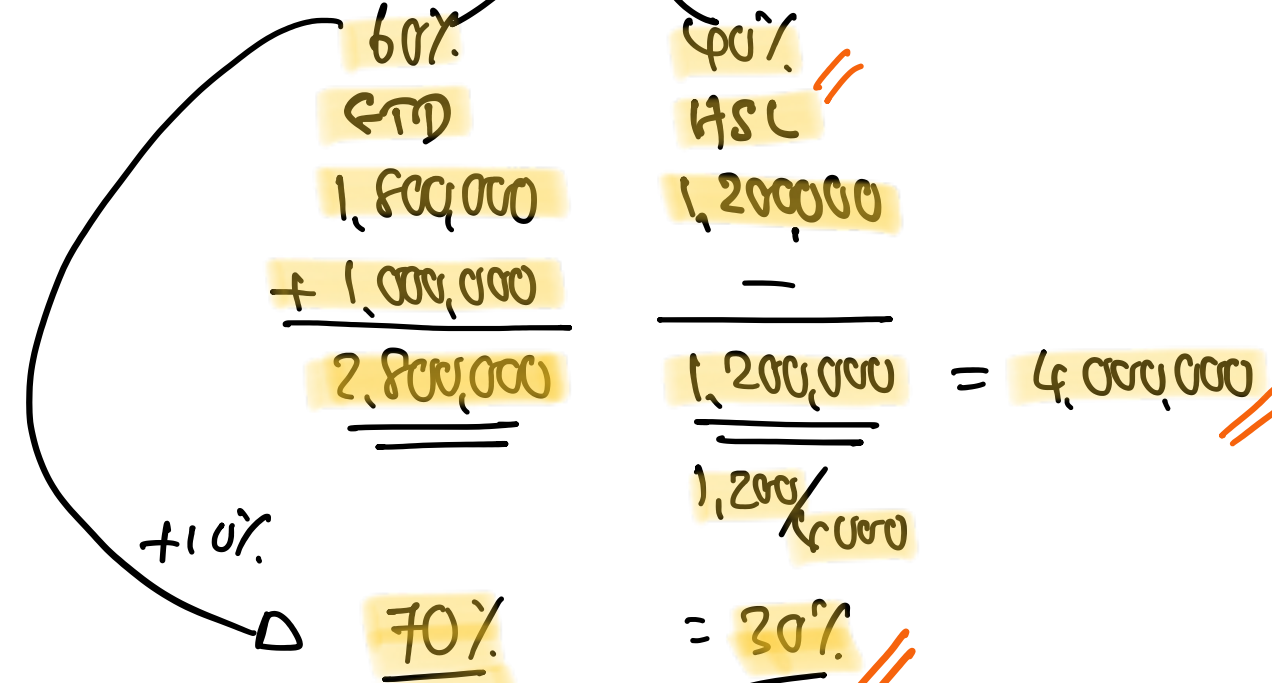
WORKINGS. (RS'000)



ETD — E/A FOR ITS INV



ST. CAP = 3,000,000



NEW INV - 10%	1,000,000
EXISTING INV @ 60%	xxxx
NCS - 30%	xxxx
GOODWILL - 100%	xxxx

$$(FV - CA) = P/L$$

NAV - 3,734
NEW - 1,000
CAP - 4,734
811 = 4,401
1011 = 1,000
5,401 x 30% = NCS

ANSWER

(I) CURRENTLY AS A JV ETD GROUP ACCOUNTS FOR THE INVESTMENT UNDER EQUITY ACCOUNTING METHOD AS PER SLIPS-11 JOINT ARRANGEMENTS. WITH THE NEW INVESTMENT OF RS.1BN, ETD OBTAINS CONTROL OVER EICD. CONTROL IS THE POWER OVER RELEVANT ACTIVITIES, EXPOSURE TO VARIABLE RETURNS AND ABILITY TO USE THE POWER TO AFFECT THE RETURNS. WITH THE ABILITY TO APPOINT MAJORITY OF DIRECTORS ETD ESTABLISHES CONTROL OVER EICD. ON SUCH DATE GOODWILL CALCULATION NEEDS TO DONE.

ON THE DATE GW CALCULATION THE NEW INVESTMENT WILL BE ADDED TO THE EXISTING INVESTMENT. THE DIFFERENCE BETWEEN THE FV OF THE EXISTING INVESTMENT & CARRYING AMOUNT WILL BE RECOGNISED IN P/L.

THE GOODWILL CALCULATION WILL BE AS FOLLOWS.

INVESTMENT - NEW	1,000,000
- EXISTING - 4,401,580 x 60%	2,640,948
NCS - AT FV - (4,401,580 + 1,000,000) x 30%	1,620,474
NA - AT FV - (4,401,580 + 1,000,000)	(5,401,580)
GAWN ON BARGAIN PURCHASE	(140,158)

THE ABOVE GBP TOGETHER WITH THE BELOW FV ADJUSTMENT ON EXISTING INVESTMENT WILL BE RECOGNISED IN GROUP P/L.

FV OF EXISTING INV	= 2,640,948
CA " " "	= 2,241,551
FV GAIN RECOGNISED IN P/L	399,397

SUBSEQUENTLY EICD WILL BE CONSOLIDATED AS IT IS A SUBSIDIARY TO ETD GROUP.

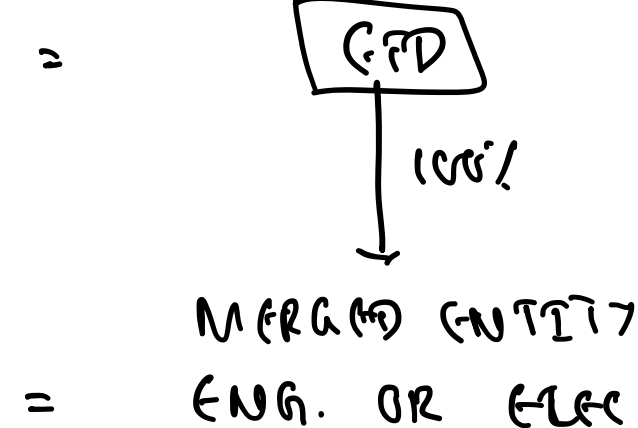
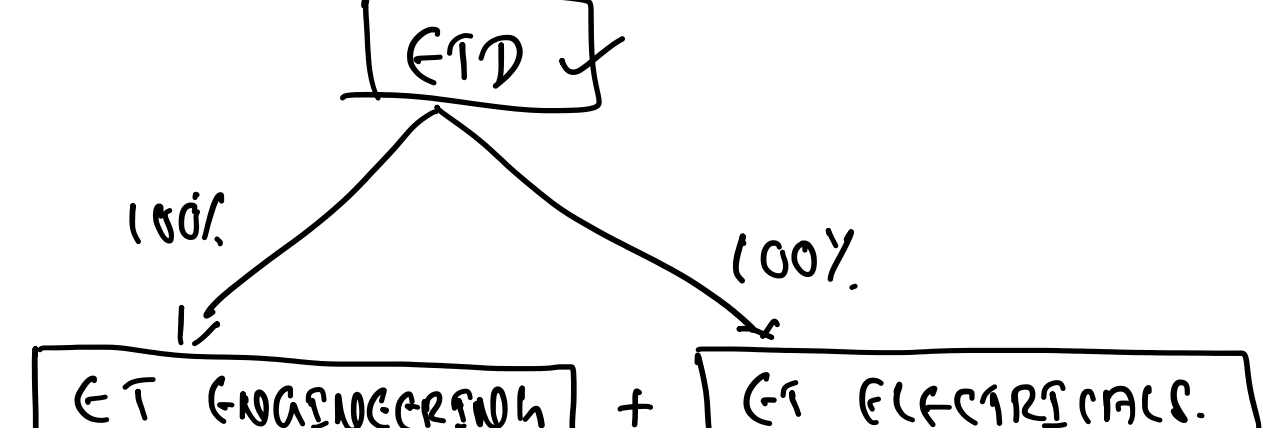
(II) EFFECT ON NCA OF THE GROUP.

EXISTING NCA OF THE GROUP	= 7,321,863
LESS: CA OF THE JV	(2,241,551)
ADD: TOTAL NCA OF ETD	4,500,000
GW	-
THE GROUP NCA	9,580,312

EFFECT ON EQUITY & RESERVES.

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	7,136,777
ADD: GAIN ON BARGAIN PURCHASE	140,158
: FV ADJ ON EXISTING INVESTMENT	399,397
POST TXN EQUITY ATTR. TO EQ. HOLDERS OF PARENT	7,676,332
NCS - (+141,341 + 1,620,474)	1,761,815
POST TXN TOTAL EQUITY OF THE GROUP	9,438,147

(b)

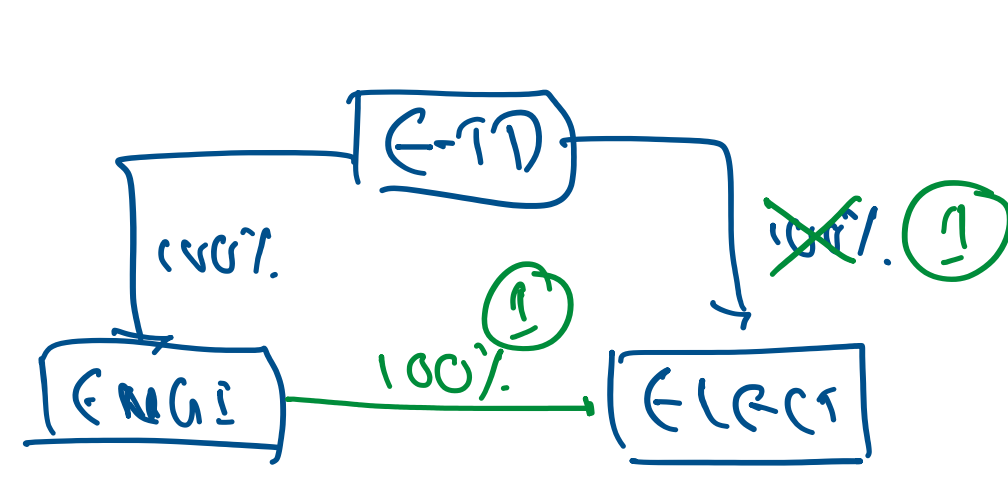


TA	-	xx	+	xx	=	xx
TE	-	xx	+	xx	=	xx
TL	-	xx	+	xx	=	xx

SLIPS-3 BUSINESS COMBINATIONS SCOPES OUT @ COMMON CONTROL TRANS. SINCE ET ENG. & ET Elec. BOTH ARE CONTROLLED BY ETD THIS MERGER IS A COMMON CONTROL TXN & SLIPS-03 WILL NOT APPLY.

THIS MERGER WILL BE ACCOUNTED UNDER STATEMENTS OF RECOMMENDED PRACTICES (SORP) ISSUED BY CA PRACTICE THAT SORP REQUIRES THE TXN TO BE CARRIED OUT AT BOOK VALUE & NCS GOODWILL OR GBP IS RECOGNISED ON SUCH TXNS.

IN THIS CASE ALL ASSETS, LIABILITIES WILL CONTINUE AT ITS CARRYING AMOUNTS IN THE MERGED ENTITY.



MERGED ENG/EELEC.
1,600
1,150
450
1,600

TA = 1,000	600
Inv = 750	350
EQUITY = 800 + 350	1,150
LIAB = 200	250

ALTERNATIVE

ENGINEERING PAY	400	200
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TA	1000	600
Inv	750	350
EQUITY	800 + 400	1,200
LIAB	200	250

DR (50) CR 150
MERGED RESERVE
DR RT OF ENGINEERING.

MERGED
1,600
1,150
450
1,600

BAL	SLC	RT	TOTAL
11/120			
Profit			
EXCESS / (DEFICIT) ON MERGER		(50)	