

13. ACCOUNTANTS' REPORT



LIM KAI SIANG & CO.

(AF 1034)
Chartered Accountants

7A Jalan Permas 1/25,
Bandar Baru Permas Jaya,
81750 Masai, Johor.
Tel: 07-3886615, 3866615
Fax: 07-3883089, 3883091
E-mail: kaisiang@tm.net.my

(Prepared for inclusion in this Prospectus)

Date : 19 November 2004

The Board of Directors
Fast Track Solution Holdings Berhad
Suite 61B, Jalan 25
Taman Melaka Raya
75000 Melaka
Tel: 06-2866163
Fax: 06-2866162

Dear Sirs and Madams

ACCOUNTANTS' REPORT

1. INTRODUCTION

This report has been prepared by Messrs. Lim Kai Siang & Co. an approved company auditor for inclusion in the Prospectus issued in connection with the flotation of the share capital of Fast Track Solution Holdings Berhad (hereinafter referred to as "FTSHB" or "the Company") on the MESDAQ Market of the Bursa Malaysia Securities Berhad ("Bursa Securities") which includes the following:-

(i) **Public Issue**

FTSHB will issue 32,000,000 new ordinary shares of RM0.10 each ("FTSHB Shares) at an offer price of RM0.28 per ordinary share by way of private placement and public offer.

(ii) **Listing of and quotation on the MESDAQ Market**

Upon completion of the Public Issue, the entire issued and paid-up share capital of FTSHB of RM9,200,000 comprising 92,000,000 FTSHB Shares will be listed on the MESDAQ Market; and

(iii) **Employee Share Option Scheme ("ESOS")**

Employees' Share Option Scheme of up to ten percent (10%) of the enlarged issued and paid up share capital of FTSHB at an issue price of RM0.28 per share.

2. GENERAL INFORMATION

2.1 THE COMPANY'S BACKGROUND

FTSHB was incorporated in Malaysia on 21 October 2003 as a public limited company.

FTSHB commenced operations on 5 November 2003 as an investment holding company and marketer and distributor of software solutions.

2.2 RESTRUCTURING AND LISTING EXERCISE

In connection with and as part of the listing and quotation for the entire issued and paid up share capital of FTSHB on the MESDAQ market of the Bursa Securities, the Company has undertaken the following restructuring exercise which was completed on 27 September 2004.

- (a) Acquisition of 100% of the issued and paid-up share capital of Fast Track Solution Sdn Bhd ("FTSB") comprising 40,000 ordinary shares of RM1.00 each for a total consideration of RM5,999,998 to be satisfied by the issuance of 59,999,980 ordinary shares of RM0.10 each in FTSHB ;

13. ACCOUNTANTS' REPORT (Cont'd)**2.3 SHARE CAPITAL**

The details of the authorised and issued and paid-up share capital of FTSHB from the date of incorporation to the date of this report are as follows:

(a) Authorised share capital

Date of creation	No of Ordinary shares	Par Value RM	Cumulative total RM
21/10/2003	1,000,000	0.10	100,000
12/08/2004	249,000,000	0.10	25,000,000

(b) Issued and fully paid-up share capital

Date of allotment	No of Ordinary shares	Par Value RM	Consideration	Cumulative total RM
21/10/2003	2	0.10	Subscribers' share	0.2
15/12/2003	18	0.10	Cash	2
12/08/2004	59,999,980	0.10	Issues as consideration for the acquisition of FTSB	6,000,000

2.4 SUBSIDIARY COMPANY

The company has one subsidiary company as follows: -

Name of company	Date and place of incorporation	Equity Interest	Effective date of acquisition	Principal activities
Fast Track Solution Sdn Bhd ("FTSB")	21 February 1998 (Malaysia)	100%	27/09/2004	Design and development, marketing, training, installation, support, implementation and distribution of software solutions under the "FastTrack" brand name

3. FINANCIAL STATEMENTS AND AUDITORS

We have been appointed as auditors for FTSHB and FTSB since their date of incorporation and have reported on the financial statements without qualification.

4. ACCOUNTING POLICIES AND STANDARDS

This report is prepared on the basis consistent with the accounting policies normally adopted by FTSHB Group and is in compliance with applicable approved accounting standards of the Malaysian Accounting Standards Board in Malaysia.



13. ACCOUNTANTS' REPORT (Cont'd)

5. SUMMARISED INCOME STATEMENTS

5.1 Proforma Consolidated Income Statement – FTSHB Group

We set out below the proforma consolidated financial result of FTSHB and its subsidiary ("the Group") for the past five financial year ended 31 December 2003 and 5 months period ended 31 May 2004. The proforma consolidated results are provided for illustrative purposes only, based on the assumption that the Group has been in existence throughout the financial years/period under review.

	< ----- Financial Year ended 31 December ----- >					5 months financial period ended 31 May 2004
	1999	2000	2001	2002	2003	
	RM	RM	*Restated RM	RM	RM	RM
Revenue	82,344	194,537	599,250	1,273,750	2,302,855	1,148,885
Administrative and general expenses	(147,935)	(193,134)	(153,937)	(344,138)	(477,598)	(265,137)
Selling expenses	(12,177)	(19,317)	(15,245)	(35,652)	(14,297)	(56,864)
(Loss) / Profit Before interest, depreciation, taxation and amortisation	(77,768)	(17,914)	430,068	893,960	1,810,960	826,884
Depreciation	(3,273)	(3,358)	(3,358)	(4,911)	(3,516)	(1,734)
Amortisation of development cost	-	-	(49,920)	(126,840)	(200,760)	(91,067)
Interest income	-	-	-	-	5,515	7,052
(Loss) / Profit before taxation	(81,041)	(21,272)	376,790	762,209	1,612,199	741,135
Taxation	-	-	-	(88,000)	(183,964)	(1,975)
(Loss) / Profit after taxation	(81,041)	(21,272)	376,790	674,209	1,428,235	739,160
No. of ordinary shares of RM0.10 each assumed in issue after acquisition of FTSB	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Gross EPS/(LPS) (sen)	(0.14)	(0.04)	0.63	1.27	2.69	1.24 *
Net EPS/(LPS) (sen)	(0.14)	(0.04)	0.63	1.12	2.38	1.23 *
No. of ordinary shares of RM0.10 based on proposed enlarged share capital after IPO	92,000,000	92,000,000	92,000,000	92,000,000	92,000,000	92,000,000
Gross EPS/(LPS) (sen)	(0.09)	(0.02)	0.41	0.83	1.75	0.81 *
Net EPS/(LPS) (sen)	(0.09)	(0.02)	0.41	0.73	1.55	0.80 *

* Based on the financial results for the 5 months period ended 31 May 2004.



13. ACCOUNTANTS' REPORT (Cont'd)

5.1 Proforma Consolidated Income Statements – FTSHB Group (Contd.)

Notes:-

- i) There were no extraordinary or exceptional items in all the financial years/period under review.
- ii) The figures for the year ended 31 December 2001 have been restated to reflect the change in accounting policy as explained in Item 8.2. The effect of this change in accounting policy is as follows:-

	Year ended 31 December 2001 RM
Net profit before change in accounting policy	177,110
Impact of change in accounting policy - On net profit	<u>199,680</u>
Net profit for the year as restated	<u><u>376,790</u></u>

- iii) The gross earnings/ (loss) per share is calculated based on profit/ (loss) before taxation while the net earnings/ (loss) per share is calculated based on profit/(loss) after taxation over the total issued and paid up shares capital of 60,000,000 and 92,000,000 respectively assumed to be in issue and had been existence throughout the financial years/period under review.



13. ACCOUNTANTS' REPORT (Cont'd)

5.2 The Company ("FTSHB")

The summarised results of FTSHB are set out below, based on the audited financial statements of FTSHB.

	From 21 October 2003 (date of incorporation) to 31 December 2003 RM	For the 5 months financial period ended 31 May 2004 RM
Revenue	-	-
Administrative and general expenses	(4,080)	(3,460)
(Loss) / Profit Before interest, depreciation, taxation and amortisation	(4,080)	(3,460)
Depreciation	-	-
Amortisation	-	-
Interest	-	-
(Loss) / Profit before taxation	(4,080)	(3,460)
Taxation	-	-
(Loss) / Profit after taxation	(4,080)	(3,460)
Weighted average number of ordinary shares issued	3	20
Gross loss per share ("LPS") (scn)	(1,360)	(173)
Net LPS (scn)	(1,360)	(173)



13. ACCOUNTANTS' REPORT (Cont'd)

5.3 The Subsidiary ("FTSB")

	< ----- Financial Year ended 31 December ----- >					5 months financial period ended 31 May 2004
	1999	2000	2001 *Restated	2002	2003	
	RM	RM	RM	RM	RM	RM
Revenue	82,344	194,537	599,250	1,273,750	2,302,855	1,148,885
Administrative and general expenses	(147,935)	(193,134)	(153,937)	(344,138)	(473,518)	(261,677)
Selling expenses	(12,177)	(19,317)	(15,245)	(35,652)	(14,297)	(56,864)
(Loss) / Profit Before interest, depreciation, taxation and amortisation	(77,768)	(17,914)	430,068	893,960	1,815,040	830,344
Depreciation	(3,273)	(3,358)	(3,358)	(4,911)	(3,516)	(1,734)
Amortisation of development cost	-	-	(49,920)	(126,840)	(200,760)	(91,067)
Interest income	-	-	-	-	5,515	7,052
(Loss) / Profit before taxation	(81,041)	(21,272)	376,790	762,209	1,616,279	744,595
Taxation	-	-	-	(88,000)	(183,964)	(1,975)
(Loss) / Profit after taxation	(81,041)	(21,272)	376,790	674,209	1,432,315	742,620
Weighted average no. of ordinary shares in issue	5,591	40,000	40,000	40,000	40,000	40,000
Gross EPS/(LPS) (RM)	(14)	(1)	9	19	40	19 *
Net EPS/(LPS) (RM)	(14)	(1)	9	17	36	19 *

* Based on the financial results for the 5 months period ended 31 May 2004.

Notes :-

- i) There were no extraordinary or exceptional items in all the financial years/period under review.



13. ACCOUNTANTS' REPORT (Cont'd)

5.3 The Subsidiary ("FTSB") (Contd.)

- ii) The figures for the year ended 31 December 2001 have been restated to reflect the change in accounting policy as explained in Item 8.2. The effect of this change in accounting policy is as follows:-

	Year ended 31 December 2001 RM
Net profit before change in accounting policy	177,110
Impact of change in accounting policy - On net profit	<u>199,680</u>
Net profit for the year as restated	<u>376,790</u>

- iii) The gross earnings/(loss) per share is calculated based on profit/(loss) before taxation while the net earnings/(loss) per share is calculated based on profit/(loss) after taxation over weighted average number of ordinary shares in issue during the financial years/period under review.



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

The summarised balance sheets of FTSHB and its subsidiary company based on the audited financial statements were set out below:-

6.1 Proforma FTSHB Group

The Proforma Group below is provided for illustrative purposes only to show the effects of the Acquisition of FTSB with the assumption that this transaction was completed on 31 December/31 May of the respective financial years/period.

	<----- As at 31 December ----->					As at
	1999	2000	2001	2002	2003	31 May 2004
	<u>RM</u>	<u>RM</u>	<u>*Restated</u> <u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
PROPERTY, PLANT AND EQUIPMENT	12,068	9,560	6,201	9,112	13,596	50,406
GOODWILL ON CONSOLIDATION	6,131,011	6,152,283	5,775,493	5,101,284	3,668,969	2,926,349
DEVELOPMENT COSTS	-	-	199,680	457,440	626,280	689,213
CURRENT ASSETS						
Trade receivables	10,500	10,500	10,500	740,500	1,226,250	999,000
Other receivables	-	-	-	-	196,738	487,241
Amount owing by a director	-	-	-	6,001	-	-
Cash and bank balances	5,469	9,074	22,725	699	558,555	1,249,547
	15,969	19,574	33,225	747,200	1,981,543	2,735,788
LESS CURRENT LIABILITIES						
Trade payables	-	10,000	10,000	-	-	-
Other payables and accruals	2,302	2,600	4,600	22,317	22,504	135,357
Amount owing to directors	156,746	168,817	-	204,719	-	-
Provision for taxation	-	-	-	-	271,964	273,939
	159,048	181,417	14,600	227,036	294,468	409,296
NET CURRENT ASSETS	(143,079)	(161,843)	18,625	520,164	1,687,075	2,326,492
	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,088,000</u>	<u>5,995,920</u>	<u>5,992,460</u>
FINANCED BY :						
SHARE CAPITAL	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
ACCUMULATED LOSS	-	-	-	-	(4,080)	(7,540)
	6,000,000	6,000,000	6,000,000	6,000,000	5,995,920	5,992,460
DEFERRED TAXATION	-	-	-	88,000	-	-
	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,088,000</u>	<u>5,995,920</u>	<u>5,992,460</u>
Net tangible assets ("NTA")	(131,011)	(152,283)	24,827	441,276	1,700,671	2,376,898
NTA per share (sen)	(0.22)	(0.25)	0.04	0.74	2.83	3.96



13. ACCOUNTANTS' REPORT (Cont'd)**6. SUMMARISED BALANCE SHEETS (Contd.)****6.1 Proforma FTSHB Group (Contd.)**

Note :

- i) The figures for the year ended 31 December 2001 have been restated to reflect the change in accounting policy as explained in Item 8.2. The effect of this change in accounting policy is as follows:-

	Year ended 31 December 2001	
	As previously reported RM	As restated RM
Development costs	-	199,680
Goodwill on consolidation	5,975,173	5,775,493

6.2 The Company ("FTSHB")

The summarised balance sheet of FTSHB is set out below, based on its audited financial statements.

	As at 31 December 2003 RM	As at 31 May 2004 RM
CURRENT ASSETS		
Cash in hand	2	2
	2	2
LESS: CURRENT LIABILITIES		
Other payables and accruals	4,080	7,540
	4,080	7,540
NET CURRENT (LIABILITIES)	(4,078)	(7,538)
	(4,078)	(7,538)
Representing:-		
SHARE CAPITAL	2	2
(LOSS-TO-DATE)	(4,080)	(7,540)
SHAREHOLDERS' EQUITY	(4,078)	(7,538)
Net tangible assets ("NTA")	(4,078)	(7,538)
NTA per share (RM)	(204)	(377)



13. ACCOUNTANTS' REPORT (Cont'd)

6.3 The subsidiary ("FTSB")

The summarised Balance Sheets of FTSB based on the audited financial statements are set out below:

	< ----- As at 31 December ----- >					As at
	1999	2000	2001 *Restated	2002	2003	31 May 2004
	RM	RM	RM	RM	RM	RM
PROPERTY, PLANT AND EQUIPMENT AND EQUIPMENT DEVELOPMENT EXPENDITURE	12,068	9,560	6,202	9,112	13,596	50,406
	-	-	199,680	457,440	626,280	689,213
CURRENT ASSETS						
Trade receivables	10,500	10,500	10,500	740,500	1,226,250	999,000
Other receivables	-	-	-	-	196,738	487,241
Amount owing by a Director	-	-	-	6,001	-	-
Cash and bank balances	5,467	9,072	22,723	697	558,553	1,249,545
	15,967	19,572	33,223	747,198	1,981,541	2,735,786
LESS: CURRENT LIABILITIES						
Trade payables	-	10,000	10,000	-	-	-
Other payables and accruals	2,302	2,600	4,600	22,317	18,424	127,817
Amount owing to directors	156,746	168,817	-	204,719	-	-
Provision for taxation	-	-	-	-	271,964	273,939
	159,048	181,417	14,600	227,036	290,388	401,756
NET CURRENT (LIABILITIES)/ASSETS	(143,081)	(161,845)	18,623	520,162	1,691,153	2,334,030
	(131,013)	(152,285)	224,505	986,714	2,331,029	3,073,649
FINANCED BY :-						
SHARE CAPITAL	40,000	40,000	40,000	40,000	40,000	40,000
(ACCUMULATED LOSS)/RETAINED PROFIT	(171,013)	(192,285)	184,505	858,714	2,291,029	3,033,649
SHAREHOLDERS' EQUITY	(131,013)	(152,285)	224,505	898,714	2,331,029	3,073,649
DEFERRED TAXATION	-	-	-	88,000	-	-
	(131,013)	(152,285)	224,505	986,714	2,331,029	3,073,649
Net tangible assets ("NTA")	(131,013)	(152,285)	24,825	441,274	1,704,749	2,384,436
NTA per share (RM)	(3.28)	(3.81)	0.62	11.03	42.62	59.61



13. ACCOUNTANTS' REPORT (Cont'd)

6. SUMMARISED BALANCE SHEETS (Contd.)**6.3 The subsidiary ("FTSB") (Contd.)**

Note :

- i) The figures for the year ended 31 December 2001 have been restated to reflect the change in accounting policy as explained in Item 8.2. The effect of this change in accounting policy is as follows:-

	Year ended 31 December 2001	
	As previously reported RM	As restated RM
Development costs	-	199,680
(Accumulated loss) / Retained profits	(15,175)	184,505



13. ACCOUNTANTS' REPORT (Cont'd)**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 FTSHB and FTSB as at 31 May 2004. The proforma statement of assets and liabilities is provided for illustrative purposes only to show the effects of the acquisition of FTSB, public issue and ESOS on the assumption that these transactions were completed as at 31 May 2004.

	<u>Note</u>	Proforma Group RM	Company RM
PROPERTY, PLANT & EQUIPMENT	8.3	950,406	-
GOODWILL ON CONSOLIDATION	8.4	2,926,349	-
DEVELOPMENT COSTS	8.5	1,364,328	-
CURRENT ASSETS			
TRADE RECEIVABLES		999,000	-
OTHER RECEIVABLES		487,241	-
CASH AND BANK BALANCES	8.6	10,010,432	2
		11,496,673	2
LESS CURRENT LIABILITIES			
OTHER PAYABLES AND ACCRUALS		135,357	7,540
PROVISION FOR TAXATION		273,939	-
		409,296	7,540
NET CURRENT ASSETS/(LIABILITIES)		11,087,377	(7,538)
		16,328,460	(7,538)
Financed By :-			
SHARE CAPITAL	8.7	10,120,000	2
(ACCUMULATED LOSS)		(7,540)	(7,540)
SHARE PREMIUM	8.8	6,216,000	-
		16,328,460	(7,538)



13. ACCOUNTANTS' REPORT (Cont'd)**8. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES****8.1 Summary of significant accounting policies**

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years with the exception of the accounting policy for "Basis of Consolidation" and "Goodwill on Consolidation" which are used for the preparation of the Group Proforma.

a) Basis of Preparation

The financial statements are prepared under the historical cost convention and comply with the provision of the Companies Act, 1965 and applicable approved Accounting Standards in Malaysia.

b) Revenue Recognition

Revenue represents fees received and receivable.

c) Basis of Consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the 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 Group's financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or reserve on consolidation as appropriate.

Intra-group transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intra-group transactions are also eliminated unless cost cannot be recovered.

d) Property, plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 8.1 (e).

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life.

Computer	20%
Furniture & Fitting, Hand phone and Office Equipment	10%

Upon disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.



13. ACCOUNTANTS' REPORT (Cont'd)**e) Impairment of Assets**

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is charged to the income statement immediately, unless the asset is carried at a revalued amount. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the assets no longer exists or has decreased.

f) Deferred Taxation

Deferred taxation is recognised in full using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

g) Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair values of the net identifiable assets acquired at the date of acquisition and is amortised over its economic useful lives of 25 years.

h) Research and Development Expenditure

Research costs are expensed as incurred. Developments costs which relate to the design and testing of new or improved products are recognised as an asset to the extent that it is expected that such assets will generate future economic benefit.

Development costs are amortised on a straight line basis over five years. The carrying amounts are reviewed at each balance sheet date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated.

i) Financial Instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provision of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expenses or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Receivables

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

(ii) Payables

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



13. ACCOUNTANTS' REPORT (Cont'd)**(iii) Equity Instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

8.2 Changes in Accounting Policy

In the financial year ended 31 December 2001, the Company changed its accounting policy with respect to the treatment of research and development costs. With retrospective effect from 1 January 2001, development costs are capitalised and amortised over a 5 years period on a straight line basis in accordance with MASB 4, Research and Development Costs, as it is expected that the asset will generate future economic benefit. Previously, all development costs have been charged to the income statement as and when incurred. This change in accounting policy has been accounted for retrospectively with the retained profit brought forward and comparative information adjusted for the amount relating to prior periods.

8.3 PROPERTY, PLANT AND EQUIPMENT – PROFORMA GROUP

Cost	Computer equipment RM	Office Furniture & equipment RM	Hand Phone RM	Total RM
At 1 Jan 2004	30,545	1,048	2,038	33,631
Additions	5,850	32,694	-	38,544
At 31 May 2004	<u>36,395</u>	<u>33,742</u>	<u>2,038</u>	<u>72,175</u>
Accumulated Depreciation				
At 1 Jan 2004	19,070	30	935	20,035
Charge for the period	1,284	365	85	1,734
At 31 May 2004	<u>20,354</u>	<u>395</u>	<u>1,020</u>	<u>21,769</u>
Net Book Value At 31 May 2004	<u>16,041</u>	<u>33,347</u>	<u>1,018</u>	<u>50,406</u>
Proforma adjustment				
Acquisition pursuant to utilization of Proceeds from Public Issue	900,000	-	-	900,000
Balance as per Proforma Group	<u>916,041</u>	<u>33,347</u>	<u>1,018</u>	<u>950,406</u>

8.4 GOODWILL ON CONSOLIDATION

	Proforma Group RM
Balance as at 31 May 2004	<u>2,926,349</u>



13. ACCOUNTANTS' REPORT (Cont'd)**8.5 DEVELOPMENT COSTS**

	Proforma Group RM
Net Book Value as at beginning of period	626,280
Additions during the period	154,000
	<u>780,280</u>
Less: Amortisation	(91,067)
Net Book Value as at end of period	<u>689,213</u>
Proforma adjustment	
Addition pursuant to utilization of proceeds from Public Issue	<u>675,115</u>
Balance as per Proforma Group	<u>1,364,328</u>

Included in the additions of development expenditure for the period are the following:-

	Proforma Group RM
Directors' remuneration	<u>154,000</u>

8.6 CASH AND BANK BALANCES

	Proforma Group RM	Company RM
Cash on hand and in banks	<u>10,010,432</u>	<u>2</u>

8.7 SHARE CAPITAL

	Proforma Group RM	Company RM
Authorised:		
Ordinary shares of RM0.10 each	<u>25,000,000</u>	100,000
Issued and fully paid:		
Ordinary shares of RM0.10 each	<u>10,120,000</u>	<u>2</u>

8.8 SHARE PREMIUM

	Proforma Group RM
Ordinary shares issued at a premium	7,416,000
Less: Estimated listing expenses	(1,200,000)
	<u>6,216,000</u>



13. ACCOUNTANTS' REPORT (Cont'd)**8.9 PROFORMA NET TANGIBLE ASSETS PER ORDINARY SHARE**

Based on the proforma statement of assets and liabilities of the proforma FTSHB Group as at 31 May 2004, the proforma net tangible assets per share is calculated as follows: -

	Proforma Group RM
Net Tangible Assets (NTA) as per Group's statement of assets and liabilities	<u>12,037,783</u>
Number of ordinary shares of RM0.10 each in issue	<u>101,200,000</u>
Net Tangible Assets per ordinary shares of RM0.10 each (sen)	<u>11.90</u>



13. ACCOUNTANTS' REPORT (Cont'd)**9. CASHFLOW**

The proforma consolidated cash flow statement of the Group for the period ended 31 May 2004 is set out below based on the audited financial statements of FTSHB and FTSB as at 31 May 2004 and incorporating the effect of the restructuring.

The Group ("FTSHB Group")

	RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	741,135
Adjustment for :-	
Amortisation of Development costs	91,067
Depreciation	1,734
Interest income	(7,052)
	<u>826,884</u>
Operating profit before working capital changes	826,884
Changes in working capital:	
Increase in receivables	(63,253)
Increase in payables	112,853
	<u>876,484</u>
Cash Generated from operations	876,484
Interest Income	7,052
	<u>883,536</u>
Net Cash generated from operating activities	883,536
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(938,544)
Additions in development costs	(829,115)
	<u>(1,767,659)</u>
Net Cash Used in investing activities	(1,767,659)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Public Issue	8,960,000
Payment of listing expenses	(1,200,000)
Proceeds from ESOS shares	2,576,000
	<u>10,336,000</u>
Net Cash generated from financing activities	10,336,000
Net Increase In Cash And Cash Equivalents	9,451,877
Cash And Cash Equivalents Brought Forward	558,555
	<u>10,010,432</u>
Cash And Cash Equivalents Carried Forward	10,010,432



13. ACCOUNTANTS' REPORT (Cont'd)

10. FINANCIAL STATEMENTS

No audited financial statements have been prepared in respect of any period subsequent to 31 May 2004.

11. SUBSEQUENT EVENTS

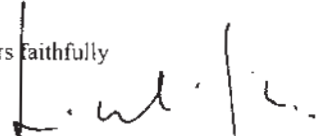
Subsequent to the balance sheet date, the following events had eventuated :

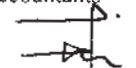
- (a) The authorised share capital of the Company was increased from RM100,000 to RM25,000,000 by creation of additional 249,000,000 new shares of RM0.10 each; and
- (b) The issued and paid up ordinary share capital of RM0.10 each was also increased from RM2 to RM6,000,000 by an issuance of 59,999,980 new ordinary shares of RM0.10 each at an issue price of RM0.10 per share pursuant to the acquisition of FTSB.

The newly issued shares rank pari passu in all respects with the existing issued shares.

Other than the above, we are not aware of any subsequent event which would require any amounts stated to be adjusted or any further disclosure that is required to be made in this report.

Yours faithfully


LIM KAI SIANG & CO
NO.AF 1034
Chartered Accountants


LIM KAI SIANG
No. 1753/4/06(J)
Chartered Accountant

14. PROFORMA CONSOLIDATED BALANCE SHEETS AND REPORTING ACCOUNTANTS' LETTER THEREON



LIM KAI SIANG & CO.

(AF 1034)
Chartered Accountants

7A Jalan Permas 1/25,
Bandar Baru Permas Jaya,
81750 Masai, Johor.
Tel: 07-3886615, 3866615
Fax: 07-3883089, 3883091
E-mail: kaisiang@tm.net.my

Date: 19 November 2004

The Board of Directors
Fast Track Solution Holdings Berhad
Suite 61B, Jalan 25
Taman Melaka Raya
75000 Melaka

Dear Sirs/Madam

**FAST TRACK SOLUTION HOLDINGS BERHAD ("FTSHB")
CONSOLIDATED BALANCE SHEETS AS AT 31 MAY 2004**

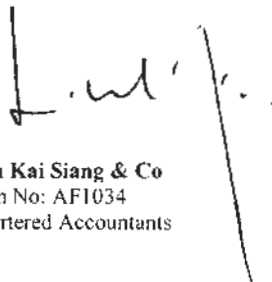
We have reviewed the Proforma Consolidated Balance Sheets of FTSHB and its subsidiary ("FTSHB Group") as at 31 May 2004 together with the accompanying notes thereto, for which the Directors are solely responsible, as set out in the accompanying statements (initialed by us for the purpose of identification only). The Proforma Consolidated Balance Sheets have been prepared for inclusion in the Prospectus to be dated 30 November 2004 in connection with the following:-


- (a) Acquisition of 100% of the issued and paid-up share capital of Fast Track Solution Sdn Bhd ("FTSB") comprising 40,000 ordinary shares of RM1.00 each for a total consideration of RM5,999,998 satisfied by the issuance of 59,999,980 ordinary shares of RM0.10 each in FTSHB;
- (b) Public issue of 32,000,000 new ordinary shares of RM0.10 each at an offer price of RM0.28 per ordinary share by way of private placement and public offer payable in full on application;
- (c) Employee Reward Scheme of 2,250,000 shares of RM0.10 each at the nominal consideration of RM1.00 per employee to the eligible employees of the Group ;
- (d) Establishment of an Employees' Share Option Scheme ("ESOS") of up to 10% of the issued and paid-up share capital of FTSHB for the benefit of all eligible employees and Directors of the FTSHB Group. This will involve the issuance of options to subscribe up to 9,200,000 new ordinary shares of RM0.10 each at an exercise price of RM0.28 per share. The ESOS shall commence from the date of FTSHB's listing on the MESDAQ Market of the Bursa Malaysia Securities Berhad and shall be in force for a duration of 5 years ; and
- (e) Listing of and quotation of the entire enlarged issued and paid-up share capital of FTSHB on the MESDAQ Market of Bursa Malaysia Securities Berhad (formerly known as Malaysian Securities Exchange Berhad).

In our opinion,

- i) the Proforma Consolidated Balance Sheets and the accompanying notes, which have been prepared for illustrative purposes only, have been properly compiled on the basis set out in the notes to the Proforma Consolidated Balance Sheets;
- ii) the basis set out in the notes to the Proforma Consolidated Balance Sheets is consistent with the accounting policies normally adopted by the Group ; and
- iii) the adjustments are appropriate for the purposes of the Proforma Consolidated Balance Sheets.

Yours faithfully


Lim Kai Siang & Co
Firm No: AF1034
Chartered Accountants


Lim Kai Siang
Approval No: 1753/4/06(J)
Chartered Accountant

14. PROFORMA CONSOLIDATED BALANCE SHEETS AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix I

**Fast Track Solution Holdings Berhad ("FTSHB")
PROFORMA BALANCE SHEETS**

	<u>Company</u> <u>RM</u>	<u>Proforma I</u> <u>RM</u>	<u>Proforma II</u> <u>RM</u>	<u>Proforma III</u> <u>RM</u>
PROPERTY, PLANT & EQUIPMENT	--	50,406	950,406	950,406
GOODWILL ON CONSOLIDATION	--	2,926,349	2,926,349	2,926,349
DEVELOPMENT COSTS	--	689,213	1,364,328	1,364,328
CURRENT ASSETS				
TRADE RECEIVABLES	--	999,000	999,000	999,000
OTHER RECEIVABLES	--	487,241	487,241	487,241
CASH AND BANK BALANCES	2	1,249,547	7,434,432	10,010,432
	2	2,735,788	8,920,673	11,496,673
LESS CURRENT LIABILITIES				
OTHER PAYABLES AND ACCRUALS	7,540	135,357	135,357	135,357
PROVISION FOR TAXATION	--	273,939	273,939	273,939
	7,540	409,296	409,296	409,296
NET CURRENT (LIABILITIES) / ASSETS	(7,538)	2,326,492	8,511,377	11,087,377
	(7,538)	5,992,460	13,752,460	16,328,460
Financed By :-				
SHARE CAPITAL	2	6,000,000	9,200,000	10,120,000
ACCUMULATED LOSS	(7,540)	(7,540)	(7,540)	(7,540)
SHARE PREMIUM	--	--	4,560,000	6,216,000
	(7,538)	5,992,460	13,752,460	16,328,460
No of ordinary shares of RM0.10 each	20	60,000,000	92,000,000	101,200,000
Net tangible assets per ordinary share of RM0.10 each (sen)	(376.90)	3.96	10.28	11.90



14. PROFORMA CONSOLIDATED BALANCE SHEETS AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix II

Fast Track Solution Holdings Berhad ("FTSHB")

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS**1. Basis of Preparation**

The Proforma Consolidated Balance Sheets of FTSHB have been prepared based on the audited balance sheets of FTSHB and Fast Track Solution Sdn. Bhd. ("FTSB") as at 31 May 2004, solely for illustrative purposes, to show the effects of the Proposals as though they were effected as of that date. The subsidiaries are consolidated using the acquisition method of accounting.

1.1 Proforma I – Acquisition and Employee Reward Scheme

Proforma I incorporates the acquisition of 100% of the issued and paid-up share capital of Fast Track Solution Sdn Bhd ("FTSB") comprising 40,000 ordinary shares of RM1.00 each for a total consideration of RM5,999,998 satisfied by the issuance of 59,999,980 ordinary shares of RM0.10 each in FTSHB and Employee Reward Scheme of 2,250,000 shares of RM0.10 each at the nominal consideration of RM1.00 per employee to the eligible employees of the Group :

1.2 Proforma II – Public Issue

Proforma II incorporates the effects of Proforma I and the public issue of 32,000,000 new ordinary shares of RM0.10 each at an offer price of RM0.28 per ordinary share by way of private placement and public offer payable in full on application and the proposed utilization of listing proceeds.

1.3 Proforma III – Employee Share Option Scheme ("ESOS")

Proforma III incorporates the effects of Proforma II and incorporating the effect on the full exercise of the options to be granted under the ESOS.



14. PROFORMA CONSOLIDATED BALANCE SHEETS AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

Appendix III

Fast Track Solution Holdings Berhad ("FTSHB")

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)
2. Share Capital

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

<i>Issued and Fully Paid-up Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>Amount of Share Capital RM</i>
Ordinary shares of RM0.10 each as at 31.05.2004	20	2
Ordinary shares issued pursuant to the Acquisition	59,999,980	5,999,998
As per Proforma I	60,000,000	6,000,000
Ordinary shares issued pursuant to the Public Issue	32,000,000	3,200,000
As per Proforma II	92,000,000	9,200,000
Upon full exercise of ESOS	9,200,000	920,000
As per Proforma III	101,200,000	10,120,000

3. Share Premium Account

The estimated listing expenses have been debited against the share premium account under Proforma II. The movements in the Share Premium Account are as follows:-

	RM
As at 31 May 2004 / As per Proforma I	-
Premium arising from the Public Issue	5,760,000
Estimated listing expenses	(1,200,000)
As per Proforma II	4,560,000
Premium arising from the full exercise of the ESOS	1,656,000
As per Proforma III	6,216,000



15. DIRECTORS' REPORT



REGISTERED OFFICE:
SUITE 61B, JALAN 25,
TAMAN MELAKA RAYA,
75000 MELAKA, MALAYSIA
Tel: +606 286 6163
Fax: +606 286 6162

Date: 19 November 2004

The Shareholders
Fast Track Solution Holdings Berhad

Dear Sir / Madam,

On behalf of the Board of Directors of Fast Track Solution Holdings Berhad ("FTSHB"), I report that after making the enquiries in relation to the interval between 31 May 2004, being the date to which the last audited accounts of FTSHB and its subsidiary ("Group") have been made up, and 19 November 2004, being a date not earlier than fourteen days before the issue of this Prospectus that:-

- (i) the business of the Group has, in the opinion of the Board of Directors of FTSHB been satisfactorily maintained;
- (ii) in the opinion of the Board of Directors of FTSHB, save as disclosed in this Prospectus, no circumstances have arisen since the last audited accounts of FTSHB and its subsidiary which have adversely affected the trading or the value of the assets of FTSHB or its subsidiary;
- (iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) there are no other contingent liabilities that have arisen by reason of any guarantee or indemnities given by the Group;
- (v) since the last audited accounts of the Group, there has not been any default or any known events that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which the Directors are aware of; and
- (vi) save as disclosed in the Accountants' Report set out in Section 13 and the Proforma Consolidated Balance Sheet set out in Section 14 of this Prospectus, there have been no material changes to the published reserves or any unusual factors affecting the profits of the Group since the last audited accounts of the Group.

Yours truly,
For and on behalf of the Board of
Fast Track Solution Holdings Berhad

Phan Sin Tian
Executive Director



FAST TRACK SOLUTION HOLDINGS BERHAD (631995-T)

Head Office:

LEVEL 45, TOWER 2, PETRONAS TWIN TOWERS,
KUALA LUMPUR CITY CENTRE,
50088, KUALA LUMPUR, MALAYSIA.
Tel: +603 2078 5531 Fax: +603 2078 5591

<http://www.fasttrack-solution.com>

Johor Branch:

NO. 4, JLN. DAMAI UTAMA, TMN. INDUSTRI DAMAIPLUS,
83000 BATU PAHAT, JOHOR, MALAYSIA.
Tel: +607 433 9277 Fax: +607 433 5359

E-mail: support@fasttrack-solution.com

16. ESOS BYE-LAWS

1. DEFINITIONS

In this Scheme, except where the context otherwise requires, the following definitions shall apply throughout:

Act	:	The Companies Act, 1965, as amended from time to time, and any re-enactment thereof
Associate Corporation	:	A corporation in which at least 20% but not more than 50% of the shares are held by the Company and/or its Subsidiaries
Board	:	The Board of Directors of FTSHB
Board Lot	:	A parcel of shares comprising 100 units or any other number of shares permitted to be traded by Bursa Securities as a board lot
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad
CDS	:	Central Depository System
Committee	:	The committee appointed by the Board to administer the Scheme
Confirmed Employee	:	An employee who has received a written confirmation from the Company or its subsidiary that they are a permanent employee of FTSHB
Company or FTSHB	:	Fast Track Solution Holdings Berhad
Corporation(s)	:	As defined in Section 4(1) of the Act
Directors	:	Executive and Non-Executive Directors, collectively
Disciplinary Proceeding	:	Proceedings instructed by the employer of the Grantee against the Grantee for any alleged misbehaviour, misconduct and/or any other acts of the Grantee deemed to be unacceptable to the employer whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee
Eligible Employee(s)	:	Any person employed by the Company or an Eligible Subsidiary and who is eligible to participate in the Scheme in accordance with Bye-Law 4
Eligible Subsidiaries	:	Subsidiaries (provided that they are not dormant) of the Company nominated by the Committee to be Subsidiaries participating in the Scheme in accordance with Bye-Law 4
Executive Director	:	A director who is on the day-to-day management and is on the payroll of one or more companies within the Group

16. ESOS BYE-LAWS (Cont'd)

DEFINITIONS (cont'd)

Exercise Price	:	The price at which the Grantee shall be entitled to subscribe for each new Share as set out in Bye-Law 9
Grantee	:	An Eligible Employee who has accepted (in the manner indicated in Bye-Law 8) an Offer made by the Committee pursuant to Bye-Law 6
Group	:	The Company and its Subsidiary
Market Day	:	A day on which the Bursa Securities is open for trading in securities
Offer Date	:	The date on which an Offer was made by the Committee to an Eligible Employee in writing
Offer(s)	:	A written offer made by the Committee to an Eligible Employee pursuant to Bye-Law 6
Option Certificate	:	The certificate confirming the granting of an Option to an Eligible Employee and the number of new Shares comprised in the Option
Option Period	:	A period commencing from the date of acceptance of an Offer or any part thereof as set out in Bye-Law 8 until the expiry of the Scheme as set out in Bye-Law 5
Option(s)	:	The right of a Grantee to subscribe for new Shares pursuant to a contract constituted by the acceptance by an Eligible Employee in the manner indicated in Bye-Law 8 of an Offer made to each Eligible Employee by the Committee pursuant to Bye-Law 6
RM	:	Ringgit Malaysia
SC	:	The Securities Commission
Scheme	:	The scheme for the grant of Options to Eligible Employees of the Group to subscribe for new Shares according to the terms set out herein and such scheme shall be known as "Fast Track Solution Holdings Berhad Employees' Share Option Scheme"
"Share(s)"	:	Ordinary share or shares of par value RM0.10 only each in the Company
"Subsidiary"	:	A Corporation which is a subsidiary of the Company as defined in Section 5 of the Act

16. ESOS BYE-LAWS (Cont'd)

2. ADMINISTRATION

The Scheme shall be administered by the Committee. The Board shall have the discretion as it deems fit to rescind and/or revoke the appointment of any person(s) in the Committee. The Committee shall so administer the Scheme in such manner as it shall in its discretion deem fit and with such powers and duties as are conferred upon it by the Board including the powers to:

- (a) subject to the provisions of the Scheme, construe and interpret the Scheme and Options granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the Scheme and its administration. The Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and
- (b) determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

3. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME

- 3.1 The maximum number of new Shares which may be allotted pursuant to the exercise of the Options granted under the Scheme shall not exceed ten percent (10%) of the issued and paid-up ordinary share capital of the Company at any point in time during the existence of the Scheme.
- 3.2 There should be equitable allocation to the various grades of Eligible Employees and such equitable allocation shall be determined at the sole and absolute discretion of the Committee. There shall be not more than fifty percent (50%) of the Shares available under the Scheme allocated in aggregate, to directors and senior management. The balance of fifty percent (50%) of the Shares will be allocated to other eligible employees of the Group. In addition the number of shares allocated to any individual Eligible Employee who, either singly or collectively through persons connected with him/her, holds twenty percent (20%) or more in the total issued and paid-up capital of the Company shall not exceed ten percent (10%) of the total Shares available under the Scheme.
- 3.3 The Company will during the existence of the Scheme keep available sufficient unissued Shares in the share capital of the Company to satisfy all outstanding Options which may be exercisable from time to time.
- 3.4 In the event of the Company purchasing its own Shares, the number of new Shares to be allotted under the Scheme may exceed the aggregate of ten percent (10%) but not exceeding thirty percent (30%) of the issued and paid-up ordinary share capital of the Company. All Options granted prior to the adjustment of the issued and paid-up ordinary share capital of the Company shall remain valid and exercisable in accordance with the provisions of this Scheme as if that reduction had not occurred. However, in such a situation, the Option Committee shall not make any further offers at any point in time after the share buy-back, unless the number of options that have been granted under the Scheme falls below ten percent (10%) of the issued and paid-up share capital of the Company.

16. ESOS BYE-LAWS (Cont'd)

4. ELIGIBILITY

- 4.1 The Committee shall have the discretion to determine the new Shares allocation criteria to any employee (including the Executive Directors) of the Group in respect of their participation in the Scheme. The criteria upon which the Committee will exercise its discretion shall without limitation include the length of service, performance and such other direct or indirect contributions by the employees to the Group and in particular, the following criteria for eligibility for participation in the Scheme shall be considered:-
- (a) be of at least eighteen (18) years of age on the Offer Date;
 - (b) be an employee who has been confirmed as an employee of the Company or an Eligible Subsidiary before being entitled to exercise his/her Option under his/her respective Offer;
 - (c) be employed on full-time basis by the Company or an Eligible Subsidiary within the categories of Eligible Employee as outlined in Bye-Law 6;
 - (d) in the event that he is serving under an employment contract that contract should be for a duration of at least one (1) year but in the case of a person who is a retired employee of the Group that contract should be for a duration of at least one (1) year and entered into prior to his mandatory retirement;
 - (e) if an employee is not a Malaysian citizen, he must, in addition to the conditions stipulated in paragraphs (a) to (d) above, also fulfill the following conditions:
 - (i) he must be serving the Group on a full-time basis and his contribution must be vital to the Group; or
 - (ii) in the event that he is serving under an employment contract, that contract should be for a duration of at least one (1) year; and
 - (f) an Executive Director shall only be eligible to participate in the Scheme if he is holding a full-time executive position and the specific allotment to be made to the Executive Director has been approved by the shareholders of the Company in general meeting.
- 4.2 Eligible Employees who have accepted the Offer to participate in the Scheme shall not be eligible to participate in another employee's share option scheme implemented or to be implemented by the Subsidiaries within the Group.
- 4.3 Executive Directors of the Company who represent the Government or Government Institutions/agencies and Government employees who are serving in the public service scheme as defined under Article 132 of the Federal Constitution are not eligible to be granted options under the Scheme.
- 4.4 The Committee may, at its discretion, nominate any Subsidiary of the Company to be an Eligible Subsidiary at any time and from time to time. In addition, the Committee may at its discretion revoke or suspend the nomination of any Eligible Subsidiary at any time and from time to time, whereupon the employees of such Corporation shall henceforth cease to be eligible to receive an Offer under the Scheme provided that any Option already granted shall not be affected by such revocation or suspension, unless specifically provided elsewhere in these Bye-Laws.
- 4.5 An Eligible Employee can only be made Offers in respect of new Shares up to his/her maximum entitlement as set out in Bye-Law 3.2 regardless of the number of positions held by such Eligible Employee within the FTSHB Group.

16. ESOS BYE-LAWS (Cont'd)

- 4.6 Subject to these Bye-Laws, the Committee shall have the discretion at any time and from time to time to extend the benefit of the Scheme to employees of Corporations which are not Eligible Subsidiaries and deem such employees to be Eligible Employees for the purposes of the Scheme in situations where such employees had at any time whether before or after the coming into force of these Bye-Laws been seconded to the Company or its Eligible Subsidiary from:-
- (a) a Subsidiary of the Company which is not an Eligible Subsidiary; or
 - (b) an Associate Corporation.
- 4.7 (a) In the case of:-
- (i) an employee who was employed in a Corporation related to the Company as defined in Section 6 of the Act (but not being a Subsidiary of the Company) (hereinafter referred to as "Previous Corporation") and is subsequently transferred from the Previous Corporation to any Corporation in the Group; or
 - (ii) an employee who is in the employment of a Previous Corporation which subsequently becomes a Corporation of the Group as a result of a restructuring or other exercise involving any Corporation in the Group; and
- that employee (hereinafter referred to as the "Affected Employee") is confirmed and has been in the employment of the Previous Corporation for at least one (1) year of continuous service including the service during any probation period, or in the case of an Executive Director, has served in such capacity in the Previous Corporation for at least one (1) year, the Affected Employee shall be eligible to participate in the Scheme.
- (b) Where an employee is transferred from the Company or an Eligible Subsidiary to a Corporation related to the Company as defined in Section 6 of the Act (but not being a Subsidiary of the Company) or an Associate Corporation (hereinafter referred to as "Subsequent Corporation"), that employee shall be entitled to continue to exercise the Option or any part thereof exercisable by him and subject to Bye-Law 9.3 on the effective date of the transfer, for a period of six (6) months from the date of his transfer from the Group to the Subsequent Corporation, failing which any Option or any part thereof granted to him, shall automatically lapse and be null and void and of no further force and effect.
- 4.8 If an employee who is in the employment of a company in the Group which was subsequently divested, then such employee:-
- (a) will, notwithstanding such divestment be entitled to continue to exercise the Option or any part thereof exercisable by him and subject to Bye-Law 9.3 on the effective date of the divestment, for a period of six (6) months from the date of the divestment, failing which any Option or any part thereof granted to him shall automatically lapse and be null and void and of no further force and effect; and
 - (b) shall not be eligible to participate further under the Scheme.
- 4.9 Eligibility under the Scheme does not confer on an Eligible Employee a claim or right to participate in the Scheme. The selection of any Eligible Employee to participate in the Scheme shall be at the discretion of the Committee and the decision of the Committee shall be final and binding. An Eligible Employee shall not acquire or have any rights over or in connection with Options or new Shares comprised therein unless an Offer has been made by the Committee to the Eligible Employee and the Eligible Employee has accepted the Offer in accordance with the terms of the Offer and the Scheme.

16. ESOS BYE-LAWS (Cont'd)

5. DURATION OF THE SCHEME

- 5.1 The implementation of the Scheme shall be subject to the receipt of the following approvals by the Company and the fulfillment of any conditions attached thereto:-
- (a) Bursa Securities;
 - (b) the shareholders of the Company in a general meeting; and
 - (c) Any other relevant regulatory authorities whose approvals are necessary in respect of the Scheme.
- 5.2 The Scheme shall be in force for a period of five (5) years from the date of the launch or implementation of the Scheme, which is upon receipt of relevant approvals from Bursa Securities and shareholders, the fulfillment of any conditions attached thereto.

However, the Scheme may be extended for up to five (5) years at the discretion of the Board upon the recommendation of the Committee.

6. OFFER

- 6.1 The Committee may at its discretion at any time and from time to time as it shall deem fit during the duration of the Scheme make one or more Offers to any Eligible Employee whom the Committee may select, based on the criteria of allocation set out in Bye-Law 3.2, to subscribe for new Shares in accordance with the terms of the Scheme.
- 6.2 The actual number of new Shares which may be offered to an Eligible Employee shall, subject to the basis of determining the number of new Shares to be offered as set out in Bye-Law 3.2.
- 6.3 Each Offer shall be made in writing to an Eligible Employee and is personal to the Eligible Employee and cannot be assigned, transferred, encumbered or otherwise disposed of in any other manner whatsoever. An Offer which has not been accepted shall automatically lapse and be null and void in the event the Eligible Employee shall cease to be employed for any reason whatsoever by the Group, or in the event he has died or become a bankrupt prior to the acceptance of the Offer by the Eligible Employee in the manner set out in Bye-Law 7.
- 6.4 The Committee will in its offer letter state inter-alia the number of Shares offered, the Exercise Price and the closing date for accepting the Offer.
- 6.5 An Eligible Employee who is on any type of no pay leave for a continuous period of ninety (90) calendar days or more (excluding prolonged illness leave) may not be made an Offer until such time as the Eligible Employee returns to full time service with the Group.
- 6.6 On the grant of an Option, the Committee may make the exercise of the Option (whether in whole or in part) conditional upon the satisfaction of such objective performance criteria as the Board shall consider to be fair measure of the performance of the Grantee.

16. ESOS BYE-LAWS (Cont'd)

7. ACCEPTANCE OF THE OFFER

An Offer shall be valid for a period of thirty (30) days from the Offer Date ("Acceptance Period"). Acceptance must be made by written notice to the Committee within the Acceptance Period in such manner as prescribed by the Committee, and accompanied by a non-refundable payment to the Company of a sum of RINGGIT MALAYSIA ONE (RM1.00) only as consideration for the Offer. The date of receipt by the Committee of such written notice shall constitute the date of acceptance.

- 7.1 If the Offer is not accepted in the manner aforesaid, such Offer shall upon expiry of the Acceptance Period automatically lapse and shall be null and void and of no effect.
- 7.2 Within thirty (30) days from the due acceptance of the Offer in accordance with the provisions of this Bye-Law, the Committee shall issue to the Grantee the Option Certificate in such form as may be determined by the Committee.

8. DETERMINATION OF EXERCISE PRICE

The Committee may at its discretion determine the Exercise Price prior to its initial public offering at a issue price of RM0.28 while the Exercise Price after the initial public offering shall be at any price provided that the Exercise Price fixed shall not be at a discount of more than ten percent (10%) (or such discount as the relevant authorities shall permit) from the five (5)-day weighted average market price of the Shares preceding the date of Offer and shall in no event be less than the par value of the Shares.

The Exercise Price is subject to such adjustments in accordance with Bye-Law 15 herein.

9. EXERCISE OF OPTION

- 9.1 The Option granted to an Eligible Employee is only exercisable during the Option Period by the Grantee during his/her lifetime and whilst he/she is employed by the Group subject to the provision contained in Bye-Law 17.
- 9.2 The Option is personal to the Grantee and cannot be assigned, transferred, charged or otherwise disposed of in any manner whatsoever save as provided for in Bye-Law 17.4.
- 9.3 Subject to Bye-Law 9.5, 10 and 11, an Option granted under the Scheme shall be capable of being exercised at anytime during the Option Period provided that the Option shall be exercised on the basis of up to twenty percent (20)% of the maximum entitlement annually.

Options exercisable in a particular year of the Option Period but not exercised in that year can be carried forward and be exercisable in the subsequent year of the Option Period subject to the time limit of the Scheme as set out in Bye-Law 5.

- 9.4 The Grantee shall notify the Company in writing of his/her intention to exercise the Option in such form as may be prescribed by the Committee. The Option or the balance thereof may be prescribed by the Committee. The Option or the balance thereof may be exercised in full or in respect of such lesser number of Shares as the Grantee may decide to exercise provided that such lesser number shall be in multiple of and not less than a Board Lot. The Committee shall issue to the Eligible Employee a new Option Certificate in respect of that part of the Option which the Eligible Employee had elected not to exercise. The new Option Certificate shall state, inter-alia, the remaining number of new Shares which remain capable of being exercised and in such form as the Committee shall from time to time determine. The Option Certificate or any new Option Certificate previously issued to an Eligible Employee shall be lodged with the Company on the exercise of the Option or any part thereof.

16. ESOS BYE-LAWS (Cont'd)

- 9.5 Every notice to exercise the Option shall be accompanied by the relevant Option Certificate and a remittance (calculated in accordance with Bye-Law 8) for the full amount of subscription monies in relation to the number of new Shares in respect of which the Option is being exercised and the Grantee shall provide the Committee with his CDS account number. The Company shall within ten (10) Market Days of the receipt of such notice and remittance from the Grantee, allot the relevant number of new Shares, despatch notices of allotment to the Grantee and make an application to the Bursa Securities for the quotation of such new Shares, and cause to be credited into the CDS account of the Grantee such new Shares subject to the provisions of the Articles of Association of the Company and the Bursa Depository rules. No physical share certificate will be issued. The Company shall issue an Option Certificate for the remaining Options not exercised. Where a Grantee does not presently have a CDS account, the Company shall assist the Grantee in formally opening a CDS account with the Bursa Depository.
- 9.6 Notwithstanding anything to the contrary contained in these Bye-Laws, the Committee shall have the discretion by notice in writing to any Grantee who is being subjected to any Disciplinary Proceeding to suspend his rights to exercise his Option pending the outcome of such Disciplinary Proceeding. In addition to this right of suspension, the Committee may impose such terms and conditions as it shall deem appropriate in its discretion, on the right of exercise of the Option having regard to the nature of the charges made or brought against such Grantee, provided always that:-
- (a) in the event such Grantee is found not guilty of the charges which gave rise to such Disciplinary Proceeding at the end of its proceedings, the Committee shall reinstate the rights of such Grantee to exercise his Option as if such Disciplinary Proceeding had not been instituted in the first place;
 - (b) in the event the Disciplinary Proceeding resulted in a recommendation for the dismissal or termination of service of such Grantee, the Option shall immediately lapse and be null and void and of no further force and effect upon pronouncement of the dismissal or termination of service of such Grantee notwithstanding that such recommendation may be subsequently challenged by the Grantee in any other forum; and
 - (c) in the event such Grantee is found guilty but no dismissal or termination of service is recommended, the Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise his Option and if so, to impose such limits, terms and conditions as it deems appropriate, on such exercise
- 9.7 Where the exercise of the Option is conditional upon the satisfaction of the performance criteria to Bye-Law 6.6 above, the Option may not be exercised until such criteria are satisfied as shall be determined by the Board as its sole and absolute discretion PROVIDED however that nothing in this Bye-Law 9.7 shall prevent the exercise of an Option pursuant to Bye-Law 10 or where the Board varies, waives or relax such condition in accordance with Bye-Law 9.8 below.
- 9.8 If after the Board has determined the objective performance criteria to be satisfied pursuant to Bye-Law 6.6 above, events occur which cause the Board to consider that different objective performance criteria would be fairer or more appropriate measure of the performance of the Grantee, the Board may waive, relax or vary any of the objective performance criteria PROVIDED always that any such waiver relaxation or variation may only be one which the Board reasonably considers will result in the criteria being no more or no less difficult to satisfy than would have been the case without such waiver relaxation or variation.

16. ESOS BYE-LAWS (Cont'd)

- 9.9 A Grantee may not be entitled to exercise any Option granted to him whilst he is on any type of no pay leave for a continuous period of ninety (90) days or more (excluding prolonged illness leave) until he returns to full time service with his company in the Group.

10. TAKEOVER

- 10.1 Notwithstanding Bye-Law 9.3 hereof, in the event of a takeover offer being made for the Company by a general offer or otherwise and such offer becoming or being declared unconditional, the Grantee shall be entitled to exercise in whole or in part any Option as yet unexercised within six (6) months from the date on which such offer becomes or is declared unconditional. After the expiry of the said period of six (6) months, the Grantee may exercise his unexercised or partially unexercised Options within the relevant Option Period set out in Bye-Law 9.3 hereof.
- 10.2 In addition, in the event any person becomes entitled or bound to exercise rights of compulsory acquisition of the Shares under the provisions of the Act or the Securities Commission Act, 1993 and gives notice to the Grantee that he intends to exercise such rights on a specified date, the Grantee shall be entitled to exercise in whole or in part any of the unexercised Options to which he is entitled until the expiry of such specified date. Upon the expiry of the specified date, all unexercised Options shall automatically lapse and shall thereafter be null and void.

11. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC

Notwithstanding Bye-Law 9, in the event the court sanctions a compromise or arrangement between the Company and/or its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company or its amalgamation with any other company or companies under the provisions of the Act, each Grantee shall be entitled to exercise in whole or in part any unexercised Option to which he is entitled at any time and from time to time during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which in the opinion of the Committee, it becomes effective. Upon the expiry of the specified date or upon the compromise or arrangement becoming effective, any unexercised Options shall lapse and become null and void.

12. RIGHTS ATTACHING TO THE NEW SHARES

The new Shares to be allotted upon the exercise of any Option will upon allotment rank *pari passu* in all respects with the then existing issued and paid-up Shares except that the new Shares so allotted will not be eligible for any dividends, rights, allotments or other distributions, the entitlement date for which is before the date of exercise of the Options and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission and otherwise.

13. LISTING OF AND QUOTATION FOR THE NEW SHARES

The Company shall notify the Bursa Securities of any exercise of Options. Upon any new Shares (if any) being allotted to the Grantee pursuant to an exercise of the Option, the Company will apply to the Bursa Securities for the listing of and quotation for such new Shares and will use its best endeavours to obtain permission for such listing and quotation.

16. ESOS BYE-LAWS (Cont'd)

The Committee, the Board and the Company shall not under any circumstances and for any reason whatsoever be held liable for any costs, expenses, charges, losses and damages whatsoever and howsoever arising in any event relating to the delay on the part of the Company in allotting and issuing new Shares or in procuring the Bursa Securities's permission for the listing of and quotation for such new Shares.

14. RETENTION PERIOD

The new Shares to be allotted and issued to the Grantees pursuant to any exercise of the Options will not be subject to any retention period or restriction of transfer, save as specifically stated in the Articles of Association of the Company, as amended from time to time. Grantees should note that new Shares are intended for them to hold as investments for long-term yield rather than for realisation to yield immediate profit.

15. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

15.1 Subject to Bye-Law 15.5 below, in the event of an alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profits or reserves, rights issues, consolidation of shares, sub-division of shares or reduction of capital, corresponding adjustments (if any) shall be made in:-

- (a)
 - (i) the number of new Shares relating to an Option or any portion thereof that is unexercised; and/or
 - (ii) the number of new Shares comprised in an Offer, and/or
- (b) the Exercise Price;

as determined by the Committee and whereby adjustments other than on capitalisation issue must be confirmed in writing by an approved company auditor as defined under Section 8 of the Act (acting as experts and not as arbitrators), to be in its opinion fair and reasonable and such determination shall be final and binding on the Grantees.

Provided that (i) no adjustment to the Exercise Price shall be made which would result in the new Shares issued on the exercise of Options being issued at less than the par value of the Shares, and if such an adjustment would but for this provision result in the Exercise Price being less than the par value, the Exercise Price payable shall be at the par value and (ii) such adjustments shall give the Grantee the right to subscribe to the same proportion of the issued and paid-up share capital of the Company to which he was previously entitled.

15.2 In the event that a fraction of a Share arising from the adjustments referred to in this Bye-Law would otherwise be required to be issued upon the exercise of an Option by the Grantee, the Grantee's entitlement shall be rounded down to the nearest whole number.

15.3 The Committee shall in writing and within thirty (30) Market Days of any adjustment as determined by the Committee pursuant to Bye-Law 15.1, notify the Grantee (or his legal or personal representatives where applicable) of the adjustment.

15.4 The adjustment pursuant to this Bye-Law shall be effective on the day immediately following the books closure date for the event giving rise to the adjustment.

16. ESOS BYE-LAWS (Cont'd)

- 15.5 No adjustment as provided in Bye-Law 15.1 or otherwise shall apply where the alteration in the capital structure of the Company arose from:-
- (a) an issue of new Shares in consideration or part consideration for an acquisition of any other securities, assets or business;
 - (b) a special issue of new Shares to Bumiputera investors nominated by the Ministry of International Trade and Industry, Malaysia and/or any other governmental authority to comply with the Government policy on Bumiputera capital participation;
 - (c) a private placement of new Shares by the Company;
 - (d) implementation of a share buy-back arrangement by the Company under Section 67A of the Act;
 - (e) any issue of warrants, convertible loan stocks or other instruments by the Company that gives a right of conversion into new Shares, and any issue of new Shares arising from the exercise of any conversion rights attached to such convertible securities; or
 - (f) an issue of new Shares upon the exercise of Options granted under the Scheme.

16. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

Any subsequent modifications and/or changes to the Scheme or the Bye-Laws shall not require the approval of the SC or any other relevant authorities. However, the Committee may at any time and from time to time recommend to the Board any amendments and/or modifications to all or any of the provisions of the Scheme and these Bye-Laws and the power to amend and/or modify all or any of the provisions of the Scheme and these Bye-Laws shall rest with the Board provided that no amendment shall alter adversely the rights attaching to any Options granted to such amendment except with the consent in writing of such number of Grantees whose entitlement, in the aggregate, to new Shares under their unexercised and unexpired Option is not less than half (1/2) in number of all the Shares which would be allotted upon exercise in full of all outstanding Options, nor alter such rights to the advantage of any Grantee without the prior approval of the shareholders of the Company.

17. TERMINATION OF THE OPTIONS

- 17.1 In the event of termination of employment or resignation or retirement of a Grantee for whatever reason prior to the exercise of an Option, such Option or the balance thereof shall forthwith cease to be valid; in the event of termination of employment of the Grantee by the Group on the date of expiry of the notice of termination, in the event of resignation of the Grantee on the date of notice of resignation and in the event of retirement of the Grantee on the day of retirement without any claim against the Company provided always that subject to the written approval of the Committee in its discretion, where the Grantee ceases his employment or appointment with the Group by reason of :-
- (a) his retirement at or after attaining normal retirement age;
 - (b) his retirement before attaining the normal retirement age with the consent of the Committee;
 - (c) redundancy; or

16. ESOS BYE-LAWS (Cont'd)

(d) any other reasons which are acceptable to the Committee;

such Option shall remain exercisable within six (6) months of such cessation or such other period as determined by the Committee.

17.2 Where a Grantee retires and is re-employed by the Group, upon his re-employment, the ESOS Committee may at its discretion allow the Grantee to either:-

(a) exercise the full extent of his entire unexercised option within six (6) months of his retirement or such extended period as the ESOS Committee may allow; or

(b) be bound by the provisions of Bye-Law 9 as if that Grantee has never ceased employment.

17.3 In respect of a Grantee employed under a fixed term employment contract, any earned Option remaining unexercised upon the:

(a) cessation of his employment; or

(b) the expiry of the original period of employment or any extension thereof,

whichever shall first happen, shall, together with the remainder of the Option, forthwith lapse and be of no further effect.

For avoidance of doubt, the restrictions contained in Bye-Law 9.3, shall apply to Grantees employed under a fixed term of employment contract.

17.4 Where the Grantee dies before the expiry of the Option Period and at the date of his death held an Option or Options which are unexercised, such Option or Options may be exercised by the legal personal representatives of the Grantee within the Option Period or such other period as determined by the Committee.

17.5 The Option shall immediately become void and of no effect on the bankruptcy of the Grantee.

18. LIQUIDATION OF THE COMPANY

In the event of the liquidation of the Company, all unexercised or partially exercised Options shall automatically lapse and be null and void.

19. DISPUTES

Any disputes or difference of any nature arising hereunder shall be referred to the decision of the Committee. The said decision shall be final and binding on the parties unless the Eligible Employee of Grantee, as the case may be, shall dispute the same by notice to the Committee within fourteen (14) days of the receipt of the decision of the Committee, in which case, such dispute or difference shall be referred to the decision of an approved company auditor as defined under Section 8 of the Act (acting as expert and not as arbitrator), whose decision shall be binding in all respects and whose costs shall be borne by the party against whom the decision is given on appeal.

16. ESOS BYE-LAWS (Cont'd)

20. COMPENSATION

No Eligible Employee or Grantee shall bring any claim against the Company or Committee or any other party for compensation or damages arising from the suspension of his right to exercise his Option or his Option ceasing to be valid pursuant to the provisions of these Bye-Laws.

21. INSPECTION OF THE AUDITED ACCOUNTS

Subject to the Articles of Association of the Company, all Grantees shall be entitled to inspect the latest available published audited accounts of the Company, on any Market Day, during the normal working hours of the Company, at the registered office of the Company.

22. TAXES

All taxes (including income tax), if any, arising from the exercise of any Option under the Scheme shall be borne by the Grantee.

23. COST AND EXPENSES

23.1 The Grantee shall be responsible for all charges of the Bursa Depository relating to or in connection with the issue and allotment of any new Shares in Bursa Depository's name and the crediting of the new Shares in the Grantee's CDS account.

23.2 Save for the taxes referred to in Bye-Law 22 and the fees referred to in Bye-Law 24.1, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of the new Shares by the Company pursuant to the exercise of any Option shall be borne by the Company.

24. NOTICES

24.1 Any notice required to be given to an Eligible Employee shall be in writing and shall be in the first instance collected in person by the Eligible Employee within ten (10) days of a general notice being placed in one or more conspicuous place(s) at the workplace of the Eligible Employee requesting all Eligible Employees to collect the said notice during normal working hours from the Personnel Department of the Company or such other designated person as shall be stipulated in the general notice.

24.2 In the event that the said notice is not collected within the specified period of time, the said notice shall be delivered to the Eligible Employee by sending the same by pre-paid ordinary post to the latest postal address held in the employee records of the Company in respect of that Eligible Employee and any notice shall be deemed to have been delivered seven (7) days after the date it is posted.

25. NOT A TERM OF EMPLOYMENT

The Scheme does not form part, nor shall it in any way be construed as part of the terms and conditions of employment of any employee of the Group.

16. ESOS BYE-LAWS (Cont'd)

26. ARTICLES OF ASSOCIATION

The provisions of these Bye-Laws shall be subject to the Articles of Association of the Company and in the event of a conflict between the provisions of these Bye-Laws and the Articles of Association of the Company, the provisions of the Articles of Association of the Company shall prevail.

27. SUBSEQUENT EMPLOYEE SHARE OPTION SCHEMES

The Company may establish a new employees' share option scheme after the expiry date of the current Scheme if the current Scheme is not renewed. Where the current Scheme has been renewed, a new scheme is allowed upon expiry of the renewed current Scheme. Eligible Employees who have been granted options under the current Scheme and if renewed, the renewed current Scheme, may be allowed to participate in the new employees' share option scheme.

28. TERMINATION OF EMPLOYEE SHARE OPTION SCHEMES

The Company may terminate the Scheme in mid-stream at any point in time throughout the Scheme. However, prior to the termination of the Scheme, the Company must satisfy all of the following conditions:-

- (a) obtain the consent of its shareholders of the Company at a general meeting, wherein at least a majority of the shareholders present should vote in favour of the termination; and
- (b) obtain the written consent of all Grantees who have yet to exercise their Options, either in part or in whole.

Pursuant to the above, the Company must provide sufficient information on the following matters:-

- (a) reasons for termination;
- (b) whether or not the termination of the Scheme would be in the best interest of the Company; and
- (c) any other information that would justify termination of the Scheme.

In the event of FTSHB terminates the continuation of the Scheme (i) no further Offers shall be made by the Committee from the date of such resolution, (ii) all Offers which have yet to be accepted shall lapse on the date of such resolution and (iii) all unexercised Options shall automatically lapse and shall become null and void.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK