

6. BUSINESS OVERVIEW *(Cont'd)*

6.11 KEY ACHIEVEMENTS AND MILESTONES

The business and R&D achievements and milestones of our Group are as follows:

YEAR	KEY MILESTONES
2003	
October	Incorporation of Hexa Analisa
2004	
February	Developed innovative solutions using new and advanced polymer matrix fibre composites and successfully produced higher grade of insulation materials (i.e. "halogen-free" advanced polymer matrix fibre composites)
August	First export order received from customers in Vietnam
September	MITI awards Hexa Analisa its pioneer status for development and production of advanced polymer matrix fibre composites
2006	
March	Discovery of potential use of oil palm trunk as a new resource to make advanced polymer matrix fibre composites
June	Developed first prototype of polymer-based material in physical form based on oil palm trunks
2007	
May - August	Further developed 2 new prototypes of polymer-based materials in physical form based on oil palm trunks
2008	
April	Received request order for advanced polymer matrix fibre composites to be applied in a nuclear power plant in China

6. BUSINESS OVERVIEW (Cont'd)

6.12 MAJOR LICENCES, PERMITS AND REGISTRATIONS

The major licences, permits and registrations of Hexa Analisa, together with the conditions attached and status of compliance, are as follows:

Licences and Approving Authority	Approval period	Salient conditions	Status of compliance
Manufacturing Licence by MITI	Issued on 29 November 2004	1. MITI needs to be informed of any sale of shares in the company.	Met. Approval obtained on 10 June 2008 and 20 October 2008
		2. The company must train Malaysian citizens so that any changes in technology and expertise will be directed at all positions in the company.	Met.
		3. The company must ensure that the project is carried out as approved subject to the conditions as stated above and the written laws and other regulations in Malaysia.	Met.
Pioneer Status by MITI	Commencing on 1 September 2004 and expiring on 31 August 2009	1. Expenses for R&D activities must be at least 1% of the company's gross annual sales.	Met.
		2. The ratio of staff that are qualified with a degree in Science and Technology or diploma with experience of at least 5 years in the related industry must be at least 7% of the total company's manpower.	Met.

6.13 OUR TRADEMARK/ BRAND NAME

We market our products under the "Fibon" trademark. The trademark was assigned by CPC Polyply to Hexa Analisa on 21 April 2008.

As at 20 October 2008, we have applied for the registration of the following patent:

Company / Products	Filing Date	Description of patent application	Countries
<i>Hexa Analisa</i> Polymer compound formulation	28 June 2004 ^	High grade polymer base electrical insulation composite material for high ampere and voltage applications.	Malaysia

Note:

^ The initial application was made by CPC Polyply. The application has been assigned to Hexa Analisa, which was made the proprietary owner on 21 April 2008.

6. BUSINESS OVERVIEW (Cont'd)

6.14 SALES AND MARKETING

We market our products directly from our local office. Through our operations in Kluang, Johor Darul Takzim, we were and are able to compete with other international players and garner respectable market shares in the advanced polymer matrix fibre composites markets for the local and export markets such as Singapore, Thailand and Indonesia due to the close proximity of these neighbouring countries and constant provision of quality composite materials, timely and reliable delivery of products as well as competitive pricing to the said markets.

We rely on our internal marketing strengths to promote our “*Fibon*” range of insulation products. This task is handled by our Regional Sales Manager and our sales coordinators. The main task for our sales team is to provide both technical and business related support. Responsibilities include carrying forward with dissemination of product knowledge successfully to all of our customers and ensuring customer satisfaction. The team also takes the responsibility of approaching other potential customers and introducing the various insulation products under our portfolio as well as sharing knowledge pertaining to the insulation industry. We believe this form of interaction with existing and potential customers ensures the building of long term trust and relationship with the client.

6.15 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Our Group did not experience any interruption in business which had a significant effect on operations during the 12 months period prior to the date of this Prospectus.

6.16 DEPENDENCY ON PATENTS, LICENSES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS**6.16.1 Dependency on Patents and Intellectual Rights**

Save as disclosed in Section 6.13 of this Prospectus, our Group is not dependent on any patents or intellectual property rights for our business operations.

6.16.2 Dependency on Major Licenses

Save as disclosed in Section 6.12 of this Prospectus, our Group is not dependent on any other major licenses, permits and registrations for our business operations.

6.16.3 Dependency on Industrial, Commercial and Financial Contracts

Our Group is not dependent on any material contracts or agreements that are subsisting and which our Group is highly dependent on.

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6. BUSINESS OVERVIEW (Cont'd)

6.17 FUTURE PLANS, STRATEGIES AND PROSPECTS OF OUR GROUP

6.17.1 Future Plans and Strategies of our Group

As part of our 3-year business development plan, our core plan is to increase our presence within the countries which we are operating in as well as to penetrate new markets and regions. We plan to develop our business (sales) over the next 3 years and beyond by implementing the following strategies:

(i) Penetrating Low and Medium Amperage Markets

The market for advanced polymer matrix fibre composite insulators can be typically divided into 3 major categories as follows:

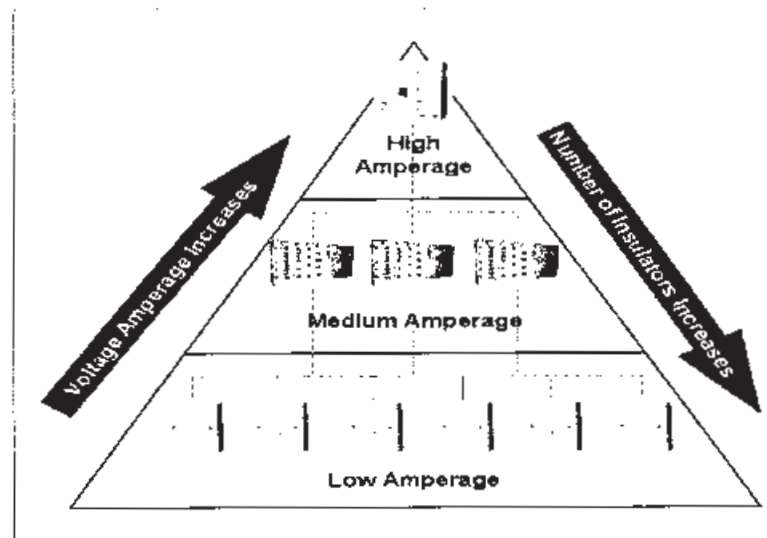
- Low-amperage insulators: below 1,000 amperes;
- Medium-amperage insulators: between 1,000 amperes and 4,000 amperes; and
- High-amperage insulators: above 4,000 amperes.

The growing awareness for safety in electrical equipment has led manufacturers to search for the best quality insulators for all amperage levels. Our "Fibon" brand can be considered a respectable brand in the high-amperage insulation market and with this, we are targeting to enter the low and medium-amperage insulation markets.

The low and medium-amperage insulation market is still largely untapped by us considering that we have been primarily focusing on the high-amperage insulation market. We are targeting the low to medium-amperage market due to sales volume potential. A single high-amperage switchgear leads to further breakdowns to a number of medium-amperage switchgears to filter voltage to subsequently many other low-amperage switchgears in order to channel voltage to a lower level for different industry or electrical needs. As electric current travel downstream, there is an increase in the amount of insulation needed.

Considering the quantity of switchgears multiply as it goes downstream and the industry's needs for maintaining a higher level of safety throughout electrical equipment, the need for more insulation materials of higher quality to cater to these needs are also required. This shows great potential for our business to further introduce quality products which are meant for use in high-amperage environments even in the low and medium-amperage insulation markets.

The following diagram depicts the proportion of demand for insulation material by the different range of amperage levels:



6. BUSINESS OVERVIEW (Cont'd)

(ii) Continued Expansion in the High-Amperage Market

With regards to the high-amperage insulation segment, we will continue our efforts to reach our goal to be the global leader. We plan the following strategies:

(a) Continuous support from our existing customers in existing markets

With demand from the electrical equipment industry continuing to remain strong over the long term, we will continue to focus on serving our existing customers in existing markets. As our customers grow in size, our aim is to continue supplying to them.

(b) Continuous growth of our clients

In addition to the above, we observed that our customers have recently been expanding their businesses. These include SMB Electric Singapore Pte Ltd which has opened branches in Australia, Malaysia, China and Vietnam as well as Sunlight Electronic Singapore Pte Ltd which have expanded their businesses in Malaysia and Vietnam. As our existing customers grow in their businesses, many of them will continue to leverage on our advanced polymer matrix fibre composites as insulation materials in their high-amperage electrical equipment. Given this, we expect to grow our business in line with our clients' expansion plans.

(c) New customers in existing markets

With the continuous support from our existing customers in key existing markets which include Malaysia, Singapore, Thailand and Indonesia, we believe that we have the potential to offer our products to new customers in these aforementioned countries. This is due to a large presence of other electrical equipment manufacturers which have yet to use our insulation products.

With increasing pressures from authorities and growing awareness on safety, many of these electrical equipment manufacturers are becoming more conscious on the quality of high-amperage insulation materials they use. As our range of high-amperage insulation materials is already renowned for its quality, we believe we will be able to serve the needs of these new customers in the existing markets we already have a presence in.

(d) New expansions

In line with our vision, we plan to expand to countries and regions such as Australia, United Arab Emirates and United Kingdom. We have already been receiving encouraging feedback from potential customers in some of these countries through our initial interactions with them. Due to increasing demand for safety of electrical equipment, we believe our range of insulation materials have great potential among our potential customers in these new markets.

6. BUSINESS OVERVIEW (Cont'd)

6.17.2 New Products Development Plan

The focus of our Group for the next 3 years is to expand our share in the existing markets, to penetrate into different markets, to enhance existing products as well as develop new products, and to introduce our line of products to meet the needs in the low and medium-amperage electrical insulation market. Our Group is continuously developing new products to cater for the fast-changing electrical industry. Currently, we are still in the preliminary stages of developing our prototypes which will be subject to further testing and research. In this regard, we are unable to provide assurance that these prototypes will eventually launch in the market. However, early R&D testing has given us good indicative results of the future prospects of these prototypes.

Please refer to Section 6.8 of this Prospectus for information on our R&D.

6.17.3 Prospects of our Group

As outlined in Section 7.0 of this Prospectus, Frost & Sullivan is of the opinion that prospects of the electrical insulator market in Malaysia, Singapore, Thailand and Indonesia for the period from 2008 to 2012 is likely to remain optimistic where the market is forecast to grow at a CAGR of 8.73%, 9.27%, 7.10% and 6.37% in the respective markets with estimated market sizes of RM19.72 million, RM16.41 million, RM5.68 million and RM3.83 million respectively.

Frost & Sullivan also notes that we are the first and only Malaysian company to develop advanced thermoset polymer matrix fibre composite for applications in the high-amperage electrical insulator market in South East Asia.

Based on our track record, we are also confident that we are able to service the needs of our local and international clients through our progressive and on-going R&D initiatives and our future product development will allow the introduction of advanced polymer matrix fibre composites to be able to meet the future demands from the electrical and other industries and be used for new applications.

Based on the above industry outlook, prospects and being the pioneer in the region with our competitive strength, our Board foresees that our future plans and strategies will allow our Group to achieve further revenue growth and replicate our successes in other markets. Nonetheless, we recognise the market challenges in the industry and the existence of risks faced as outlined in Section 4.0 of this Prospectus which may pose a challenge to our Group in implementing our strategies.

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7. **EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE
ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE,
THAILAND AND INDONESIA)**

(prepared for inclusion in this Prospectus)

F R O S T & S U L L I V A N

**Independent Market Research on the
Advanced Polymer Matrix Fibre Composite Market
(Malaysia, Singapore, Thailand and Indonesia)**

Executive Summary

28 October 2008

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7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

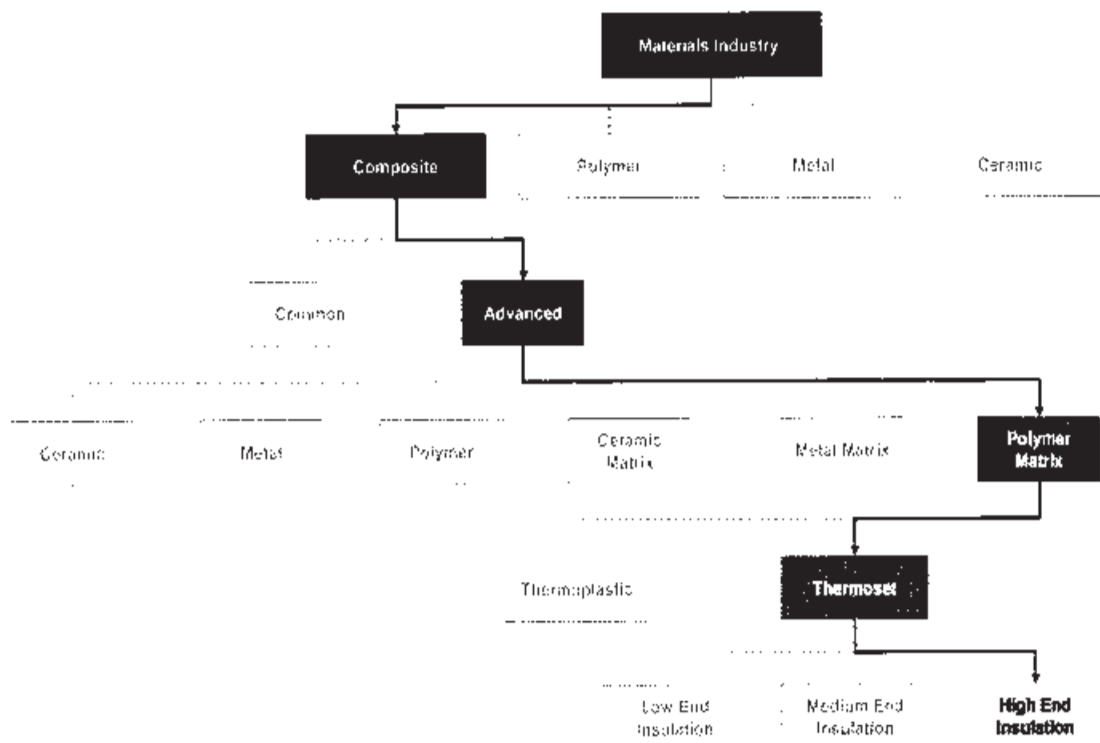
(prepared for inclusion in this Prospectus)

1. Executive Summary

1.1 Industry / Market Segmentation

The following Figure 1-1 provides an overview of the overall structure of the materials industry.

Figure 1-1 : Structure of the Total Materials Industry



Source: Frost & Sullivan

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

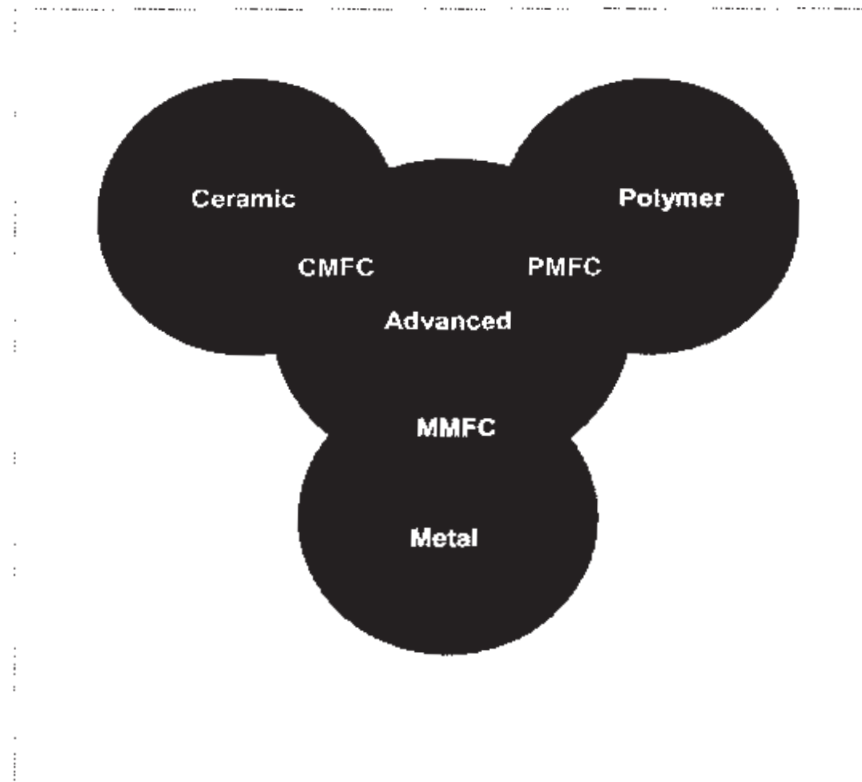
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Advanced composites as shown in the Figure 1-1 above can be further segmented according to their matrix phase, as follows:

1. Advanced Polymer matrix fibre composites;
2. Advanced Metal matrix fibre composites; and
3. Advanced Ceramic matrix fibre composites

Figure 1-2 : Types of Advanced Composites According to Matrix Phases



Source: Frost & Sullivan

Key

PMFC: Advanced Polymer Matrix Fibre Composite

CMFC: Advanced Ceramic Matrix Fibre Composite

MMFC: Advanced Metal Matrix Fibre Composite

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

(prepared for inclusion in this Prospectus)

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1.1.1 Advanced Polymer Matrix Fibre Composites

Polymer matrix fibre composites use a polymer-based resin as the matrix and a variety of fibres such as glass, carbon and aramid as the reinforcement. Polymer matrix fibre composites consist of high strength, short or continuous fibres held together by a common matrix. The composite is designed so that the mechanical loads, which the structure is subjected during operations, are supported by the fibre reinforcements. Basically, these are combinations of matrix materials, formed by polymerisation of resins and the reinforcement of fibres into a variety of patterns and weaves. Advanced polymer matrix composites comprise of a group of materials, which bridge the gap between the technical performance of conventional or common commodity composites and specialist engineering composites (designed to have distinct properties e.g. high mechanical strength, high chemical strength, high tensile properties and others, to meet engineering requirement of a specific application such as high current insulators).

Resin materials for use in a composite system will require the following properties:

1. Good mechanical properties;
2. Good adhesive properties;
3. Good toughness properties; and
4. Good resistance to environmental degradation.

Advanced polymer matrix fibre composites can be further divided into 2 categories:

1. Thermoset composites;
2. Thermoplastic composites

The two classes of polymer-based materials are **thermosets** and **thermoplastics**. Once shaped into a permanent form, usually with heat and pressure, a thermoset composite material cannot be remelted or reshaped because the basic polymeric component has undergone an irreversible chemical change. The operation by which the raw material is converted to a hard, insoluble and infusible product is referred to as curing, and corresponds to the final step of the polymerisation reaction.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

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Thermoset composites are a type of material that may be cured by the use of heat, radiation, catalysts or a combination of these. The polymer component consists of molecules with permanent cross-links between linear chains that form a rigid three-dimensional network structure that cannot flow. The tightly cross-linked structure of thermoset polymers immobilises the molecules, providing hardness, strength at relatively high temperature, insolubility, good heat and chemical resistance. Thermoset composites are usually preferred for structural applications because their strength is generally higher than that of thermoplastics and they do not have a tendency to creep; cold flow (the distortion, deformation, or dimensional change which takes place in materials under continuous load at temperatures within the working range) at room temperatures. Unsaturated polyester in engine parts, swimming pools and boats is a form of thermoset composites.

Thermoplastic composites are based on linear or slightly branched polymers in which the molecular chains flow over each other when heated and solidify into new shapes when cooled. The process of softening through heating, and hardening through cooling can be repeated as often as required for thermoplastics, unlike thermoset materials do not undergo any chemical changes. Thermoplastic composites refer to products made from thermoplastic materials such as nylon, ABS (Acrylonitrile Butadiene Styrene), polypropylene and polycarbonate with short glass fibres, calcium carbonate and talc powder as reinforcement agents. They are capable of being repeatedly softened by heat and hardened when cooled.

1.1.2 Advanced Metal Matrix Composites

Advanced metal matrix fibre composites are metals or metal alloys reinforced with ceramic fibre, whiskers or particulates. Due to their superior mechanical strength and unique physical characteristics, such as low thermal expansion, these composites can be found in both structural and non-structural components alike. They combine metallic properties (ductility and toughness) with ceramic properties (high temperature strength and toughness), thus offering greater strength in shear and compression as well as higher service temperature capabilities. Metal matrix fibre composites are increasingly found in the automotive industry. These materials utilise metals such as aluminium as the matrix, and reinforce it with fibres such as silicon carbide.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

(prepared for inclusion in this Prospectus)

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1.1.3 Advanced Ceramic Matrix Composites

Advanced ceramic matrix fibre composites are used in very high temperature environments. They are manufactured by adding particulates, whiskers or fibre to a ceramic matrix. The ceramic matrix fibre composites have high fracture toughness and improved mechanical shock resistance compared to monolithic ceramics.

For all intent and purposes, the report shall focus only on ***advanced thermoset polymer matrix fibre composites used as high-amperage electrical insulators***

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

(prepared for inclusion in this Prospectus)

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1.2 Key Industry Participants

Figure 1-3 portrays the tiers of competitiveness in the global advanced polymer matrix composite industry. The global competitive structure is shown as the industry is global in nature with only a handful of key players worldwide. The characteristics of companies for each tier are further explained below.

Figure 1-3 : Advanced Polymer Matrix Fibre Composite used as High-Amperage Electrical Insulators (Global): Tiers of Competitiveness

Measurements	Tier 1	Tier 2	Tier 3
Exporting regions	Exports worldwide	Exports to certain regions	Domestic consumption only. May have limited export market
Voltage Resistance Criteria	(High) amp > 4,000	(Medium) ≥1,000 amp ≤4,000	(Low) amp < 1,000
Cost	High Pricing	Medium Pricing	Low Pricing
Production Capacity and Capability	Formulation of Advanced Polymer Matrix Fibre Composite and Manufacturer	Manufacturer	Manufacturer / Trading / Distributor
Quality	High	Medium	Low
Key Players	Hexa Analisa Sdn Bhd, Rochling Engineering Plastics KG, Von Roll Isola	Hitachi Chemicals	Mostly Small & Medium Sized Manufacturers in China and India
Remarks	Hexa Analisa is the first and only	Mostly meant for	Sold in semi-finished

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

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Measurements	Tier 1	Tier 2	Tier 3
	Malaysian company to develop advanced thermoset polymer matrix fibre composite for applications in the high-amperage electrical insulator market in South East Asia	medium-amperage market	state (dough) or sold as finished products for the medium-amperage and low-amperage market

Source: Frost & Sullivan

Key Industry Participants in Tier 1

Hexa Analisa Sdn Bhd ("Hexa Analisa") is principally involved in the formulation of advanced polymer matrix fibre composite, manufacturing and sales of electrical insulators, electrical enclosures and meter boards. **They are the first and only Malaysian company to develop thermoset polymer matrix fibre composites for applications in the high-amperage electrical insulator market in South East Asia.** They market their products under the trademark "Fibon" and can be considered a respectable brand in the high-amperage insulation market. Hexa Analisa's advanced polymer matrix fibre composite insulators have been used by multinational companies in the development and production of high-amperage switchgears, switchboard systems and circuit breakers as well as turbines for generators. Through these multinational customers who sent their high-amperage electrical equipment for testing prior to their respective mission critical applications, Hexa Analisa's insulation products had been certified by ASTA and achieved certain specifications and ratings for industrial usage. The tests performed by ASTA certified laboratories on their insulation products include, amongst others, resistance to high voltage short-time current. Hexa Analisa's propriety technology lies within the formulation of their advanced polymer matrix fibre composite which enables them to produce insulators that are able to withstand large surges of electric currents. Given this, their products have gained recognition as a reliable material for insulation materials in high-amperage electrical switchboards and various other electrical applications in South East Asia. Presently, Hexa Analisa has a strong presence in existing high-amperage

7. **EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)**

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insulation markets such as Malaysia, Singapore, Indonesia and Thailand. Their multinational customers are also established players in the electrical industry such as Terasaki Electric Group, Schneider Electric Group, Siemens Group and ABB Group.

Rochling Engineering Plastics KG is a German company specializing in manufacturing and fabricating engineering plastics for a wide range of industries including the high-amperage insulation market. Among their main range of products includes thermoplastics, reinforced plastics and laminated densified woods. Their products are sold to customers either in fully fabricated products or semi-finished products.

Von Roll Isola was established in 1903 in Switzerland. They are also one of the global market leaders in producing insulation materials and systems for electrical machinery industry. Von Roll Isola also manufactures insulation materials for composite materials and parts used in other industrial applications. Besides that, the company's portfolio of products includes fire resistant insulation and special thermal products catering for the cable, electronics and other industries. The company is one of the few globally that is capable of meeting the requirements for high-amperage insulation materials.

Key Industry Participants in Tier 2

Hitachi Chemicals was founded in 1962 as a separate entity of Hitachi. Its corporate headquarters is based in Japan and is a chemical manufacturer engaged in a wide range of areas, including semiconductor and display-related materials, environment and energy, life sciences and automobiles. Hitachi Chemicals also specialises in developing polymer matrix fibre composite meant to be used as insulation materials. In this insulation market, Hitachi's core business is meant for the medium-amperage market.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

(prepared for inclusion in this Prospectus)

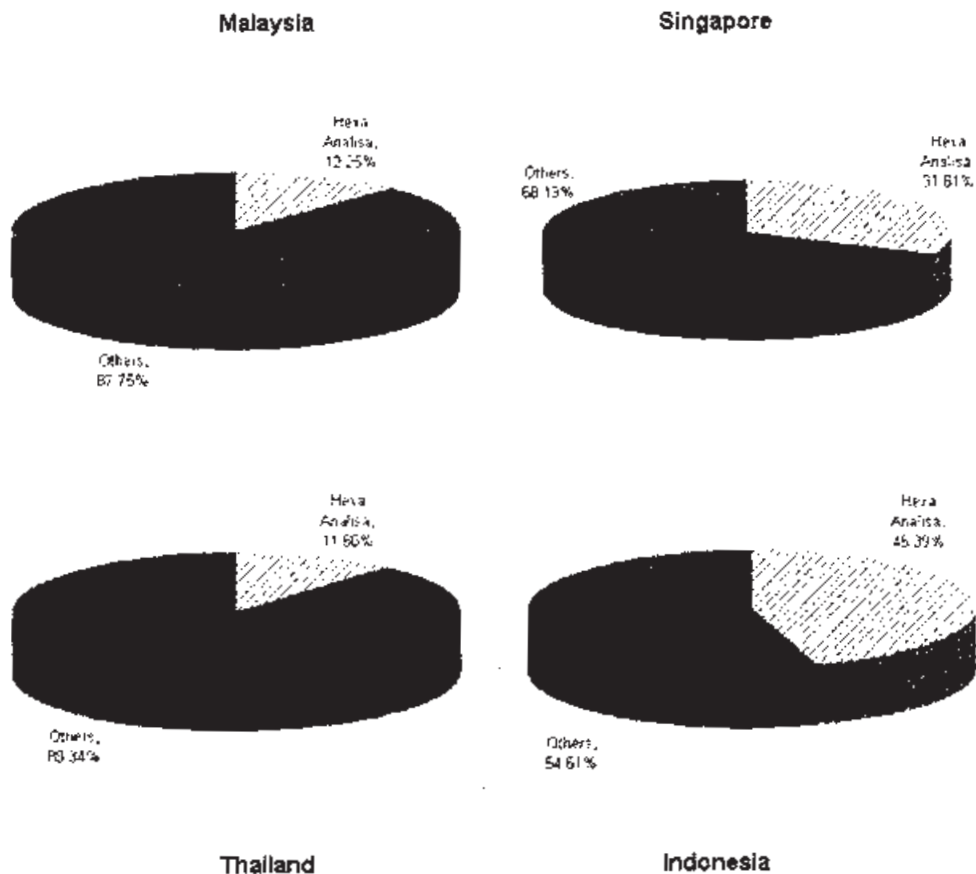
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1.3 Market Share Analysis

Estimated Market Share in Malaysia, Singapore, Thailand and Indonesia

Figure 1-4 reflects the estimated market share of Hexa Analisa in high-amperage advanced polymer matrix fibre composite, in terms of total demand for high-amperage electrical insulators in Malaysia, Singapore, Thailand and Indonesia. Hexa Analisa had approximately 12.25 percent market share in Malaysia, 31.81 percent market share in Singapore, 11.66 percent market share in Thailand, and 45.39 percent market share in Indonesia.

Figure 1-4 : Estimated Market Share in Advanced Polymer Matrix Fibre Composites used as High-Amperage Electrical Insulators (Malaysia, Singapore, Thailand and Indonesia), 2007



Source: Frost & Sullivan

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

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The overall market size and market share in Malaysia, Singapore, Thailand and Indonesia for 2007 only constitutes the high-amperage electrical insulators and does not reflect the market size for the low-amperage and medium-amperage insulators markets which are multiple times larger than the high-amperage market. Moreover, the high-amperage insulators market is expected to grow with increasing demand from quality conscious end-users which brings about greater potential for Hexa Analisa's advanced polymer matrix fibre composites.

7. **EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)**

(prepared for inclusion in this Prospectus)

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1.4 Industry Risks and Challenges

Rising Commodity Prices Impact Cost of Production

The key ingredients to produce the advanced polymer matrix fibre composite include chemical additives to form the resin and glass fibre mats. Due to the current global phenomenon whereby oil prices are continuously on the rise, the market has witnessed the prices of many materials used in the manufacturing industry which have also increased. This includes the aforementioned materials used to produce the advanced polymer matrix fibre composites which have risen in price – contributed either directly where some of these materials may leverage on oil-based products, or indirectly where cost of transportation has also risen. With the price of oil not looking to drop in the near future, it could lead to reduced profit margins for advanced polymer matrix fibre composite manufacturers, or potentially higher prices of insulation materials in the industry. With respect to this, those manufacturers involved in the advanced polymer matrix fibre composite industry could face challenges to remain competitive.

Exchange Rate Risk in Exports of Goods

This risk is mainly associated to the export operations of the industry and to some extent methods in which the exports are invoiced. For instance, if the advanced polymer matrix fibre composite exports are billed in the exporter's currency, then exchange rate risk is expected to be minimal as the exporter is able to pass on the risk to the importer. On the other hand, invoicing of exports in the importer's currency or a third party currency places the risk on the exporting party. Revenues obtained from exports sales which are earned in the importer's currency will be subject to the risk of currency fluctuations.

Environmental Issues on the Usage of Polymer Matrix Fibre Composite

At the present stage, there is a lack of a formalised method for clearing of waste either in the pre-manufacturing or post-manufacturing of advanced polymer matrix fibre composites. However, with increasing awareness on environmental issues, industry participants in the insulation market may soon be compelled to follow specific guidelines set by the various government and

7. **EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)**

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authorities. With this in mind, there is a certain degree of uncertainty on what kind of measures the respective governments in South East Asia may take to regulate the environmental aspects of this industry. A sudden introduction of strong environmental laws could jeopardise the advanced polymer matrix fibre composite industry as they may not be prepared with proper counter-measure plans. It could lead to late deliveries and higher operational cost in order to satisfy all environmental regulations.

1.5 Barriers to Entry

The key entry barriers to this industry are as follows:

- Technology in terms of:
 - *Product Formulation*
The R&D primarily related to the chemistry of the materials used (both physical and chemical properties of the materials – say, polymers and glass fibres – and their integration). A company involved in this industry needs to have thorough know-how in cross-linking of polymers to develop products capable in meeting the demands of the high-amperage insulation materials such as high mechanical and chemical strength.
 - *Manufacturing/conversion process*
The development of products for specific end-application, such as producing thermoset insulation materials according to size, mechanical strength for use on a specific model, type or brand of switchgear to meet the end-product requirements and certification norms (like ASTA) from an applications perspective.
- Continued access to technically qualified human resources with relevant background
- Initial capital investments for production of the high-amperage insulators as well as ongoing investments in improving quality to meet continuously improving standards through investments in R&D and product testing.

7. **EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)**

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- Strong customer relationships especially with the direct end-users developed through proven track record and superior high quality products.

1.6 Relevant Laws and Regulations

Presently, there is no specific law or regulation to govern the advanced polymer matrix fibre composite industry. There is however the certifications provided by ASTA, an independent certifying body that provides comprehensive testing to verify the quality (performance) of electrical switchgears. Switchgear companies servicing the high-amperage market strongly prefer those advanced polymer matrix fibre composite manufacturers that have this certification as it proves their competencies in this product.

ASTA has been providing product certification to national (any country that requires specific levels of compliance), European and International Standards for over 65 years. The areas of product certification have expanded over the years and now cover electrical power supply and distribution equipment, from wiring accessories to high power high voltage switchgears and control gears. ASTA Certification Services is a recognised body under the European Community Low Voltage Directive and the UK Electrical Equipment (Safety) Regulations 1994.

1.7 Supply Conditions

The advanced polymer matrix fibre composite industry consists of three types of categories; the low-amperage, medium-amperage and high-amperage insulators. In the South East Asian market, all three types of insulation materials are used and majority of these materials are imported. For the low-amperage polymer matrix fibre composites, much of the materials are imported from countries like China and India while the medium-amperage products are imported from mainly Japan and China. As for the high-amperage advanced polymer matrix fibre composites, a majority of the materials are imported from Europe with companies such as Rochling Engineering Plastics KG and Von Roll Isola leading the foray. The only company from the South East Asian region which has a range of products to cater for the high-amperage market is Hexa Analisa.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

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With regards to the form factor, all three categories of the aforementioned advanced polymer matrix fibre composites can be delivered to the end-users in two methods. The first is semi-finished form (dough), which will then be fabricated into the desired shape and size at the customer side (electrical equipment manufacturers) for the purpose of making insulation materials. The semi-finished form of delivery is more apparent for the low-amperage and medium-amperage insulation market. Another method of delivery is the fully fabricated or finished product of advanced polymer matrix fibre composites. These insulation materials are molded and cut according to specifications given by the customer, and is then delivered as a finished insulation product. This fully fabricated product is typically more sought after by the high-amperage insulation market.

Hexa Analisa is able to fabricate the advanced polymer matrix fibre composites into specific shapes and sizes according to the individual customer's specifications.

7. **EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)**

(prepared for inclusion in this Prospectus)

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1.8 Demand Conditions

1.8.1 Market Drivers

Higher Requirements for Safety and Quality Standards

One of the key requirements for manufacturers that manufacture electrical equipment such as switchgears and switchboards is the level of quality of the insulation materials used. Quality in this aspect refers to the resistance performance of the insulation material whereby it would be able to withstand high current and voltage surge to ensure that safety is not compromised. This is even more crucial when used in electrical equipment in critical areas such as manufacturing plants, large office buildings or oil and gas facilities. Those companies having the Association of Short-circuit Testing Authorities (ASTA) certification stand to gain credibility in terms of quality of their products as it has been stress tested to withstand and surpass the highest quality requirements in the polymer matrix fibre composite insulation market. With Singapore leading the way in South East Asia by demanding increasing safety levels in the electrical industry on whole, more countries are expected to adopt similar requirements in the next two to three years. This will ensure the high-amperage insulation market to expect stronger demands by the manufacturers of electrical products such as switchgears in the foreseeable future.

Increasing Demand in Growing Industries

The South East Asian economy is seeing increasing demand of electricity in new sectors. With the boom of the automotive manufacturing and steel industry across this region, power consumption is expected to increase over the next few years. In relation to this, another key area experiencing greater demands of electricity is the energy sector; more specifically the oil and gas facilities to cope with the global consumption of oil. The increase in electricity consumption for these areas is expected to further drive the insulation market.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

(prepared for inclusion in this Prospectus)

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1.8.2 Market Restraints

Lack of Suppliers in South East Asian Locations

At the present moment, there is a lack of suppliers or channel partners in Asia Pacific selling this advanced polymer matrix fibre composite to the end users. In most situations, the end user has to deal directly with the insulation manufacturers who are mostly European manufacturers. Although this situation is ideal to strengthen the business ties between both parties, the end users will need to stock up rather than buying enough materials for their present need. Due to the lack of suppliers based in South East Asia, these end users need to source and have safety stock of insulation materials typically more than they need as inventory buffer.

Global Economic Slowdown

The sub-prime crisis in the US markets relates to problems in the mortgage market which lead to the fall in the financial markets effecting firms such as investment banks, insurance companies, government linked enterprises and many others who had invested in sub-prime mortgages or sub-prime mortgages related securities. This financial crisis has lead to slower economic growth for the US which is likely to affect other regions in the world such as Asia Pacific. This would eventually lead to lower growth in the industrial and manufacturing sectors for the region. Growth in the insulation materials sector is likely to remain stable between 2008 until the end of 2009 given that there are incoming orders for materials for ongoing projects. Growth is anticipated to slow down at beginning of 2010 onwards as the effect of the US economic crisis starts to set its way into Asia. However, demand is likely to increase back again in 2012 as the economy begins to recover.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

(prepared for inclusion in this Prospectus)

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1.9 Reliance and Vulnerability to Imports

Hexa Analisa, being the only manufacturer of advanced polymer matrix fibre composite in Malaysia, sources a majority of their raw materials such as resins from local suppliers based in Malaysia. The only material sourced from overseas for the manufacturing of advanced polymer matrix fibre composite is the glass fibre as this material is not produced locally. With respect to this, Hexa Analisa reduces the need to rely on imported materials significantly.

The composite industry has traditionally been reliant on the import of finished products from overseas, largely from Europe. However, Hexa Analisa over the years has managed to compete successfully in this market space with their innovative advanced polymer matrix fibre composite products. They have managed to achieve significant market share given that they are a relatively new player in the market. Having been able to capture market share from the established competitors in the markets (i.e. imports), their vulnerability to imports is regarded as low.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

(prepared for inclusion in this Prospectus)

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1.10 Product Substitution

Important factors underlying the substitution process of a material for another includes quality (performance), technology (design) and economics (cost). Superior performance properties rather than lower material costs appear to be the principal consideration in the early stages of substitution. If the cost of a new material eventually becomes competitive as production volumes increase (economies of scale), the substitution process will be difficult to reverse.

All materials offer a discrete set of properties, and it is their particular strengths and weaknesses that determine their usefulness to different industries. While the inherent properties of basic materials are important in substitution, other factors also matter. Ideally, end-users (electrical product manufacturers) try to look at the track record of the insulation materials they intend to source after taking into account other such companies using these insulation materials and if the materials have any proven reliability. Manufacturing companies are reluctant to incorporate a new material into their product until the performance record of the material has proved its reliability.

Basically, the main substitutes and competing products to polymer matrix fibre composites in insulator applications are traditional materials like silicon, pure polymers, rubber, etc. The substitution process (composites replacing traditional materials) is expected to be an evolutionary process. For advanced polymer matrix fibre composites used as high-amperage electrical insulators, there are no direct substitutes at the present moment.

The present market participants in this industry stand to gain as the product is still at its early growth stage. The absence of direct substitutes in the high-amperage insulation market can be viewed as an opportunity for manufacturers of advanced polymer matrix fibre composites as the electrical industry demands for new or replacement high-amperage insulators. The replacement market is expected to be a key driver as the older generation materials (currently deployed) need to be changed over time due to normal wear and tear caused during operations and maintenance as well as prolonged exposure to pollutants.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

(prepared for inclusion in this Prospectus)

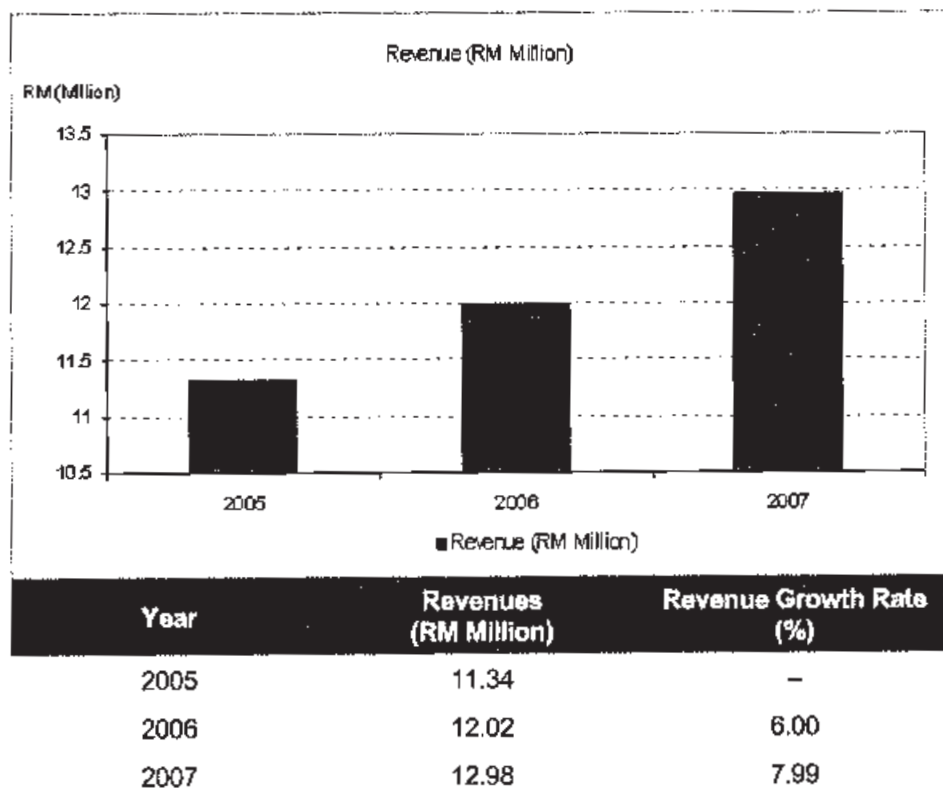
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1.11 Market Size and Growth Forecast

Market Size for Malaysia

The following Figure 1-5 depicts the market size for advanced polymer matrix fibre composites used as high-amperage electrical insulators in Malaysia from 2005 to 2007. The advanced polymer matrix fibre composite market in Malaysia was estimated to be worth RM 11.34 million in 2005, and further increased to RM 12.02 million in 2006 with an estimated 6.00 percent growth rate. The market further grew to approximately RM 12.98 million in 2007 with a 7.99 percent growth rate observed.

Figure 1-5 : Market Size for Advanced Polymer Matrix Fibre Composites used as High-Amperage Electrical Insulators (Malaysia), 2005-2007



Compound Annual Growth Rate (2005 – 2007): 6.99%

Source: Frost & Sullivan

Note: All figures are rounded

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

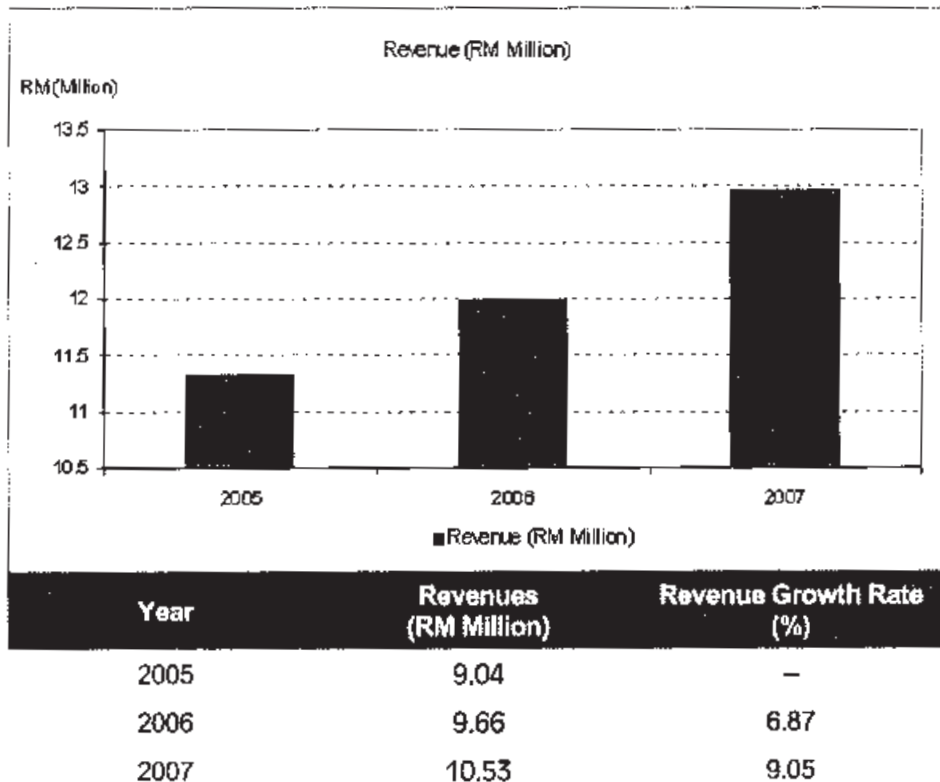
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Market Size for Singapore

The following Figure 1-6 depicts the market size for advanced polymer matrix fibre composites used as high-amperage electrical insulators in Singapore from 2005 to 2007. The advanced polymer matrix fibre composite market in Singapore was estimated to be worth RM 9.04 million in 2005, and further increased to RM 9.66 million in 2007 with an estimated 6.87 percent growth rate. The market continued to grow to approximately RM 10.53 million in 2008 with a 9.05 percent growth rate observed.

Figure 1-6 : Market Size for Advanced Polymer Matrix Fibre Composites used as High-Amperage Electrical Insulators (Singapore), 2005-2007



Compound Annual Growth Rate (2005 – 2007): 7.95%

Source: Frost & Sullivan

Note: All figures are rounded

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

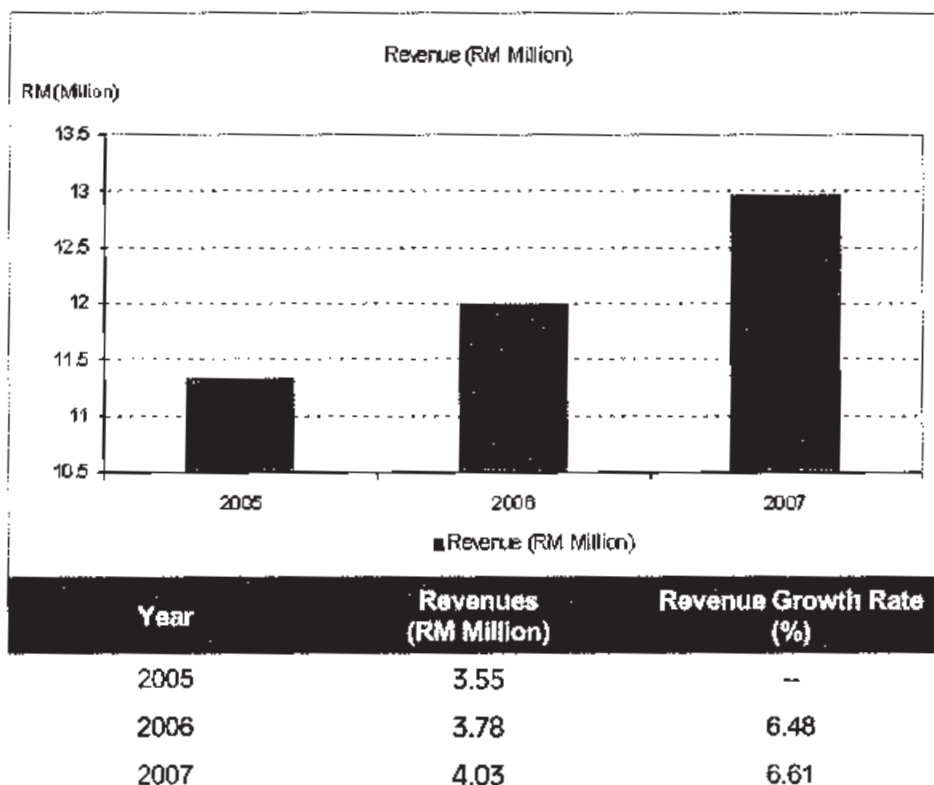
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Market Size for Thailand

The following Figure 1-7 depicts the market size for advanced polymer matrix fibre composites used as high-amperage electrical insulators in Thailand from 2005 to 2007. The advanced polymer matrix fibre composite market in Thailand saw a fairly constant growth and was estimated to be worth RM 3.55 million in 2005, and further increased to RM 3.78 million in 2006 with an estimated 6.48 percent growth rate. The market continued to grow to approximately RM 4.03 million in 2007 with a 6.61 percent growth rate observed.

Figure 1-7 : Market Size for Advanced Polymer Matrix Fibre Composites used as High-Amperage Electrical Insulators (Thailand), 2005-2007



Compound Annual Growth Rate (2005 – 2007): 6.54%

Source: Frost & Sullivan

Note: All figures are rounded

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

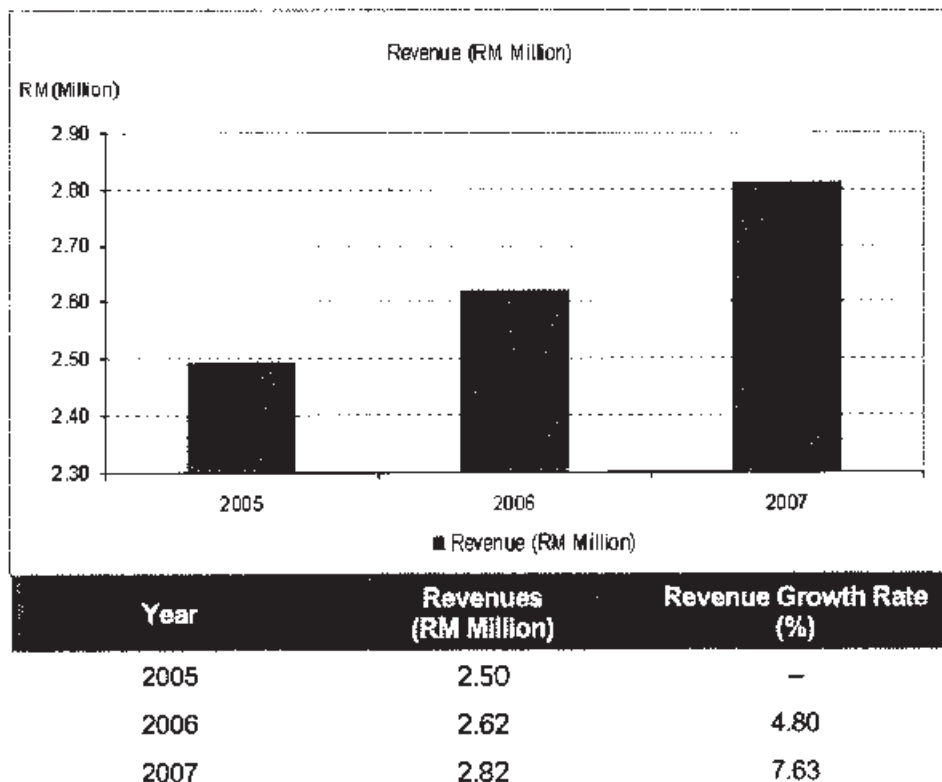
(prepared for inclusion in this Prospectus)

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Market Size for Indonesia

The following Figure 1-8 depicts the market size for advanced polymer matrix fibre composites used as high-amperage electrical insulators in Indonesia from 2005 to 2007. The advanced polymer matrix fibre composite market in Indonesia saw a stable growth and was estimated to be worth RM 2.50 million in 2005 and increased to RM 2.62 million in 2006 with an estimated 4.80 percent growth rate. The market continued to grow to approximately RM 2.82 million in 2007 with a 7.63 percent growth rate observed.

Figure 1-8 : Market Size for Advanced Polymer Matrix Fibre Composites used as High-Amperage Electrical Insulators (Indonesia), 2005-2007



Compound Annual Growth Rate (2005 – 2007): 6.22 %

Source: Frost & Sullivan

Note: All figures are rounded

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

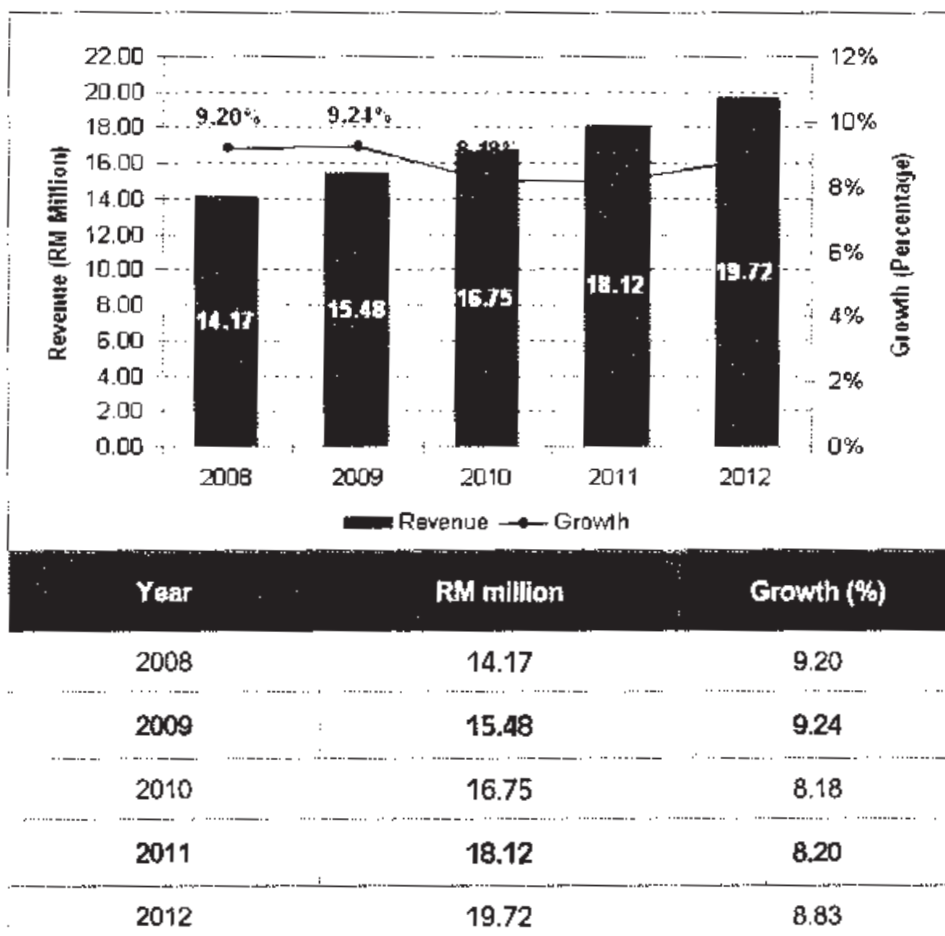
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Forecast Market Size for Malaysia

The advanced polymer matrix fibre composite market in Malaysia is valued at approximately RM 14.17 million in 2008 and is estimated to grow to RM 19.72 million in 2012 with a Compounded Annual Growth Rate (CAGR) of 8.73 percent. Growth is anticipated to reach 9.24 percent in 2009 but is anticipated to decrease to 8.18 percent in 2010 following the effects of the US financial crisis on the world economy. However, growth is anticipated to increase in 2012 as the economy begins to recover. The following Figure 1-9 depicts the forecast market size for advanced polymer matrix fibre composites used as high-amperage electrical insulators in Malaysia from 2008 to 2012.

Figure 1-9 : Market Forecast for Advanced Polymer Matrix Fibre Composites used as High-Amperage Electrical Insulators (Malaysia), 2008-2012



Compound Annual Growth Rate (2008 – 2012): 8.73%

Source: Frost & Sullivan

Note: All figures are rounded

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

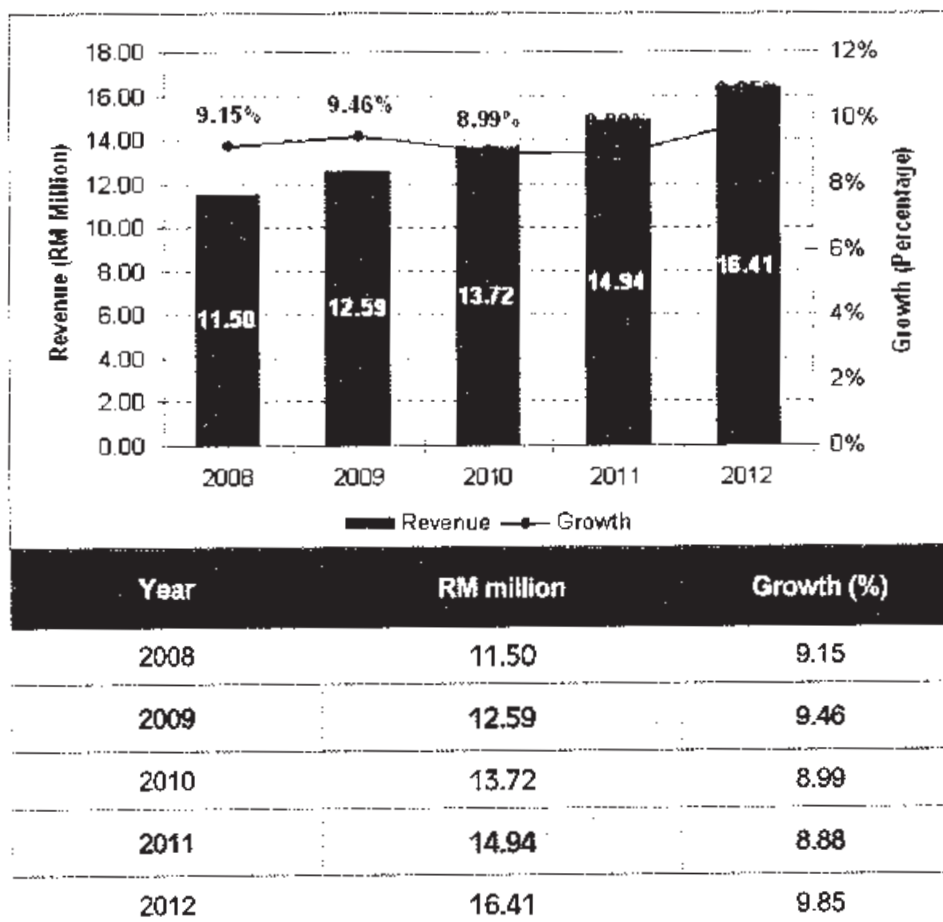
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Forecast Market Size for Singapore

The advanced polymer matrix fibre composite market in Singapore is valued at approximately RM 11.50 million in 2008 and is estimated to grow to RM 16.41 million in 2012 with a Compounded Annual Growth Rate (CAGR) of 9.27 percent. Growth is anticipated to reach 9.46 percent in 2009 but is anticipated to decrease to 8.99 percent in 2010 following the effects of the US financial crisis on the world economy. However, growth is anticipated to increase in 2012 as the economy begins to recover. The following Figure 1-10 depicts the forecast market size for advanced polymer matrix fibre composites used as high-amperage electrical insulators in Singapore from 2008 to 2012.

Figure 1-10 : Market Forecast for Advanced Polymer Matrix Fibre Composites used as High-Amperage Electrical Insulators (Singapore), 2008-2012



Compound Annual Growth Rate (2008 – 2012): 9.27%

Source: Frost & Sullivan

Note: All figures are rounded

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

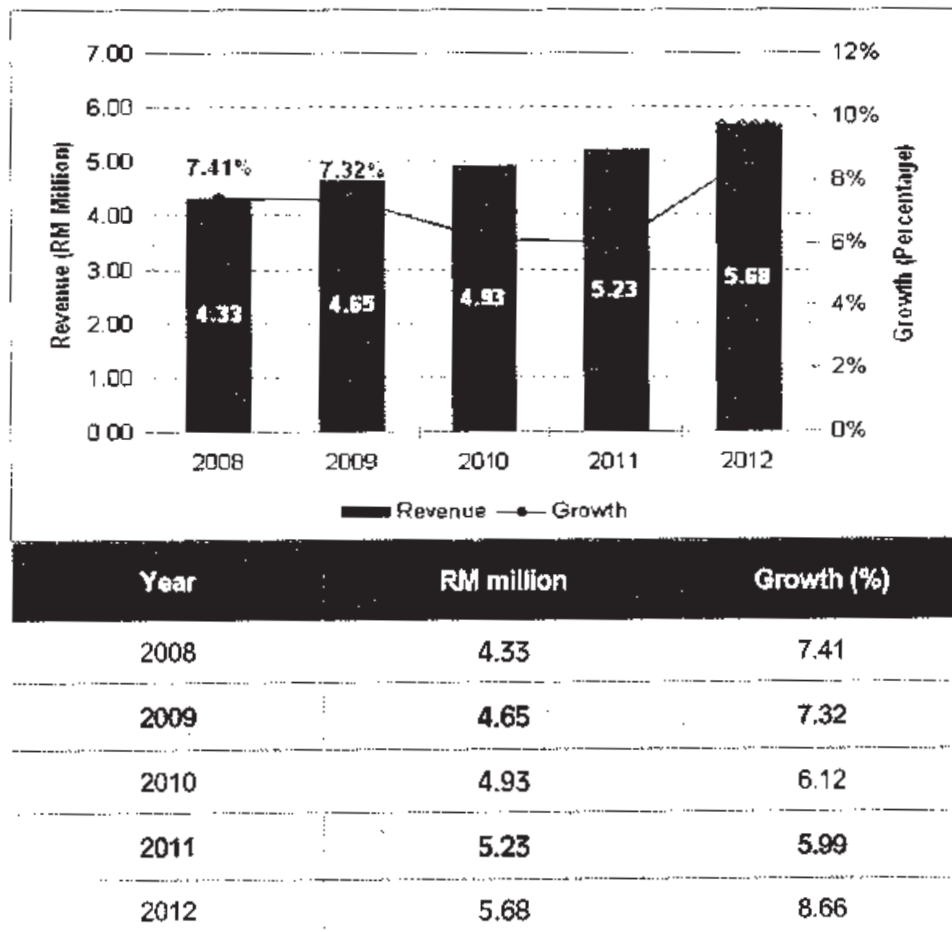
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Forecast Market Size for Thailand

The advanced polymer matrix fibre composite market in Thailand is valued at approximately RM 4.33 million in 2008 and is estimated to grow to RM 5.68 million in 2012 with a Compounded Annual Growth Rate (CAGR) of 7.10 percent. Growth is anticipated to reach 7.32 percent in 2009 but is anticipated to decrease to 6.12 percent in 2010 following the effects of the US financial crisis on the world economy. However, growth is anticipated to increase in 2012 as the economy begins to recover. The following Figure 1-11 depicts the forecast market size for advanced polymer matrix fibre composites used as high-amperage electrical insulators in Thailand from 2008 to 2012.

Figure 1-11 : Market Forecast for Advanced Polymer Matrix Fibre Composites used as High-Amperage Electrical Insulators (Thailand), 2008-2012



Compound Annual Growth Rate (2008 – 2012): 7.10%

Source: Frost & Sullivan

Note: All figures are rounded

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)

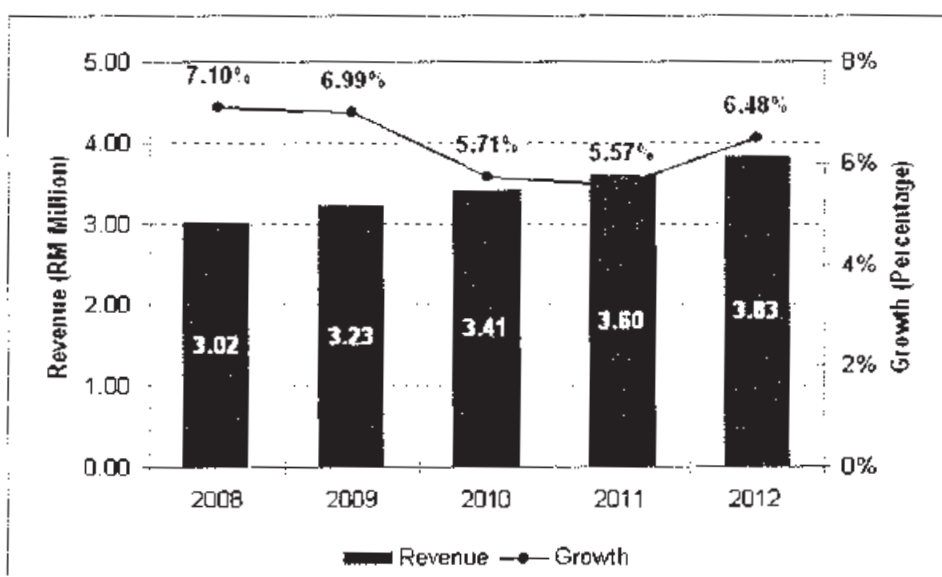
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Forecast Market Size for Indonesia

The advanced polymer matrix fibre composite market in Indonesia is valued at approximately RM 3.02 million in 2008 and is estimated to grow to RM 3.83 million in 2012 with a Compounded Annual Growth Rate (CAGR) of 6.37 percent. Growth is anticipated to reach 6.99 percent in 2009 but is anticipated to decrease to 5.71 percent in 2010 following the effects of the US financial crisis on the world economy. However, growth is anticipated to increase in 2012 as the economy begins to recover. The following Figure 1-12 depicts the forecast market size for advanced polymer matrix fibre composites used as high-amperage electrical insulators in Indonesia from 2008 to 2012.

Figure 1-12 : Market Forecast for Advanced Polymer Matrix Fibre Composites used as High-Amperage Electrical Insulators (Indonesia), 2008-2012



Year	RM million	Growth (%)
2008	3.02	7.10
2009	3.23	6.99
2010	3.41	5.71
2011	3.60	5.57
2012	3.83	6.48

Compound Annual Growth Rate (2008 – 2012): 6.37%

Source: Frost & Sullivan

Note: All figures are rounded

7. **EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH ON THE ADVANCED POLYMER MATRIX FIBRE COMPOSITE MARKET (MALAYSIA, SINGAPORE, THAILAND AND INDONESIA) (Cont'd)**

(prepared for inclusion in this Prospectus)

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Forecast consumption growth is based on Frost & Sullivan's proprietary Market Engineering forecasting methodology.

This methodology integrates the Expert-Opinion and Delphi Forecasting techniques and is based on the following elements:

- Historical market growth
- Future impact of market drivers and restraints
- Integration with market challenges
- Integration of econometric variables
- Integration of customer demographics

These techniques are used to assess the opinions of industry experts: e.g. competitors and key customers. These experts' opinions on the direction of the market are integrated with the data and analysis already created through internal research.

1.12 Prospects for Industry Players

Considering there is a direct correlation with the demand of electrical products such as switchgears and switchboards with insulation materials, the advanced polymer matrix fibre composite market is expected to see even stronger demand in the near future. As Hexa Analisa is the only company from this region capable of delivering advanced polymer matrix fibre composites needed for high-amperage electrical insulators, they are expected to face stronger demand for their products, during the reviewed forecast period.

The individual country markets in South East Asia has been growing between 7 and 10 percent annually from 2005 to 2007 and looks equally promising for the next few years. Given that Hexa Analisa has been growing at a higher rate than the market growth rate over the past three years, it is foreseeable that as the company gains even more traction and recognition in the advanced polymer matrix fibre composite market in South East Asia, it is likely to continue capturing market share from its existing competitors.

FROST & SULLIVAN MALAYSIA SDN BHD
(522293-W)

SUITE E-08-15, BLOCK E, PLAZA MONT KIARA
2, JALAN KJARA, MONT KIARA
50480 KUALA LUMPUR
TEL: 03-6204 5800 FAX: 03-6201 7402



8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

8.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

8.1.1 Promoters' and Substantial Shareholders' Shareholdings

The shareholdings of our Promoters and substantial shareholders before and after the Public Issue and Bonus Issue are as follows:

Name	<-----Before Public Issue and Bonus Issue----->			<-----After Public Issue and Bonus Issue ----->		
	Direct No. of Shares held	% held	Indirect No. of Shares held	Direct No. of Shares held	% held	Indirect No. of Shares held
Promoters and substantial shareholders						
Pang Chee Khiong	4,590,000	17.00	-	14,822,552	15.12	-
Pang Fok Seng	7,857,000	29.10	2,459,700 ⁽¹⁾	25,372,722	25.89	7,943,144 ⁽¹⁾
Lim Wai Kiew	2,459,700	9.11	7,857,000 ⁽²⁾	7,943,144	8.11	25,372,722 ⁽²⁾
Substantial shareholders						
Inflexion	2,970,000	11.00	-	9,591,063	9.79	-
Lim Cheng Chooi	-	-	2,970,000 ⁽³⁾	-	-	9,591,063 ⁽³⁾
Mohd Nizar bin Ali	-	-	2,970,000 ⁽³⁾	-	-	9,591,063 ⁽³⁾
Expedient Equity	2,160,000	8.00	-	6,975,319	7.12	-
MavCap	2,700,000	10.00	2,160,000 ⁽⁴⁾	8,719,149	8.90	6,975,319 ⁽⁴⁾
Modal Perdana	1,509,300	5.59	-	4,874,004	4.97*	-

Notes:

- (1) Deemed interest by virtue of Lim Wai Kiew being his spouse.
 - (2) Deemed interest by virtue of Pang Fok Seng being her spouse.
 - (3) Deemed interest by virtue of its substantial shareholding in Inflexion.
 - (4) Deemed interest by virtue of its substantial shareholding in Expedient Equity.
- * Ceases to be a substantial shareholder of our Group after the Public Issue and Bonus Issue.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

8.1.2 Background Information on Promoters and Substantial Shareholders

Pang Chee Khiong, Pang Fok Seng and Lim Wai Kiew, who are the promoters and substantial shareholders of our Group, are also the Directors of Fibon. Their profiles are disclosed in Section 8.2.1 of this Prospectus. The profiles of the substantial shareholders are as follows:

Inflexion

Inflexion was incorporated in Malaysia under the Act on 21 December 2004 and is principally involved in the business as a venture capital company. Inflexion has an authorised share capital of RM100,000 comprising of 1,000 ordinary shares of RM1.00 each in Inflexion and 99,000 redeemable preference shares of RM1.00 each in Inflexion with an issued and paid-up share capital of RM2 comprising 2 ordinary shares of RM1.00 each in Inflexion and 20,222 redeemable preference shares of RM1.00 each in Inflexion.

As at 20 October 2008, the substantial shareholders of Inflexion and their respective shareholdings in Inflexion are as follows:

Substantial Shareholders	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
Lim Cheng Chooi	1	50.00	-	-
Mohd Nizar bin Ali	1	50.00	-	-

As at 20 October 2008, the Directors of Inflexion and their respective shareholdings in Inflexion are as follows:

Directors	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
Lim Cheng Chooi	1	50.00	-	-
Mohd Nizar bin Ali	1	50.00	-	-

Expedient Equity

Expedient Equity was incorporated in Malaysia under the Act on 11 July 2007 and is principally involved in the business as a venture capital company. Expedient Equity has an authorised share capital of RM100,000 comprising 900,000 ordinary shares of RM0.10 each in Expedient Equity and 1,000,000 redeemable preference shares of RM0.01 each in Expedient Equity, with an issued and paid-up share capital of RM42,130 comprising 383,000 ordinary shares of RM0.10 each in Expedient Equity and 383,000 redeemable preference shares of RM0.01 each in Expedient Equity.

As at 20 October 2008, the substantial shareholders of Expedient Equity and their respective shareholdings in Expedient Equity are as follows:

Substantial Shareholders	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
MavCap	316,007	82.50	-	-
PKNK Entrepreneur Development Sdn Bhd	56,881	14.85	-	-

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

As at 20 October 2008, the Directors of Expedient Equity and their respective shareholdings in Expedient Equity are as follows:

Directors	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
Datuk Dr. Abdul Samad Bin Haji Alias	-	-	-	-
Mohd Husni Bin Mohamad Salleh	-	-	-	-
Norkhalim Bin Ahmad	-	-	-	-
Mohd Daniel Bin Mat Noh	1,612	0.42	-	-

MavCap

MavCap was incorporated in Malaysia under the Act on 19 April 2001 and is principally involved in venture capital management. MavCap has an authorised share capital of RM300,000,000 comprising 299,999,999 ordinary shares of RM1.00 each in MavCap and 1 special share of RM1.00 each in MavCap, with an issued and paid-up share capital of RM200,000,002 comprising 200,000,001 ordinary shares of RM1.00 each in MavCap and 1 special share of RM1.00 each in MavCap.

As at 20 October 2008, the substantial shareholders of MavCap and their respective shareholdings in MavCap are as follows:

Substantial Shareholders	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
Minister of Finance (Incorporated)	200,000,002	100.00	-	-

As at 20 October 2008, the Directors of MavCap and their respective shareholdings in MavCap are as follows:

Directors	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
Datuk Dr Abdul Samad Bin Haji Alias	-	-	-	-
Datuk Siti Hadzar Binti Mohd Ismail	-	-	-	-
Dato' Abdul Wahab Bin Abdullah	-	-	-	-
Redza Rafiq Bin Abdul Razak	-	-	-	-
Mohd Husni bin Mohamad Salleh	-	-	-	-
Chua Choon Hwa (as alternate director to Datuk Siti Hadzar Binti Mohd Ismail)	-	-	-	-

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.1.3 Promoters and Substantial Shareholders' Directorships and/or Substantial Shareholdings in Other Public Corporations for the Past 2 Years

Based on the declarations by our Promoters and substantial shareholders, none of our Promoters and substantial shareholders has any directorships and/or substantial shareholdings (holding 5% shareholding or more), whether directly or indirectly, in other public corporations for the 2 years prior to 20 October 2008.

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8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

8.1.4 Changes in Promoters and Substantial Shareholders' Shareholdings since Incorporation

The changes in the shareholdings of our Promoters and substantial shareholders in our Company since incorporation on 25 March 2008 up to the date of this Prospectus are as follows:

Name	Date of acquisition / disposal	Direct		Indirect		Cumulative no. of Shares held after acquisition/ disposal	No. of Shares held before acquisition/ disposal	Total no. of Shares acquired/ (disposed)	Total no. of Shares acquired/ (disposed)	Cumulative no. of Shares held after acquisition/ disposal
		acquired/ disposal	disposal	acquired/ disposal	disposal					
Promoters and substantial shareholders										
Pang Chee Khiong	25.03.08	1	-	1	-	-	-	-	-	-
	20.10.08	1	-	10 ^a	-	-	-	-	-	-
	20.10.08	10	7,289,990	7,290,000	-	-	-	-	-	-
	20.10.08	7,290,000	(2,700,000)	4,590,000	-	-	-	-	-	-
Pang Fok Seng ⁽¹⁾	25.03.08	1	-	1	-	-	-	-	-	-
	20.10.08	1	-	10 ^a	-	-	-	-	-	-
	20.10.08	10	9,449,990	9,450,000	-	-	-	-	-	-
	20.10.08	9,450,000	(1,593,000)	7,857,000	3,620,700	3,620,700	(1,161,000)	3,620,700	2,459,700	3,620,700
Lim Wai Kiew ⁽²⁾	25.03.08	-	-	-	1	-	-	-	-	1
	20.10.08	-	-	-	1	-	-	-	-	10 ^a
	20.10.08	-	3,620,700	3,620,700	10	9,449,990	-	9,449,990	-	9,450,000
	20.10.08	3,620,700	(1,161,000)	2,459,700	9,450,000	9,450,000	(1,593,000)	7,857,000	7,857,000	7,857,000
Substantial shareholders										
Inflexion	20.10.08	-	2,970,000	2,970,000	-	-	-	-	-	-
Expedient Equity	20.10.08	-	2,160,000	2,160,000	-	-	-	-	-	-
MavCap	20.10.08	-	2,700,000	2,700,000	-	-	-	-	-	-
Modal Perdana ^a	20.10.08	-	1,509,300	1,509,300	-	-	-	-	-	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

Notes:

- (1) *Deemed interest by virtue of Lim Wai Kiew being his spouse.*
- (2) *Deemed interest by virtue of Pang Fok Seng being her spouse.*
- ^ *Pursuant to the Share Split*
- * *Ceases to be a substantial shareholder of our Group after the Public Issue and Bonus Issue.*

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

8.2 BOARD OF DIRECTORS**8.2.1 Profiles**

Pang Chee Khiong, a Malaysian aged 44, was appointed to our Board on 25 March 2008 as the Executive Chairman. He is responsible for our Group's strategic planning and decision-making in corporate affairs and business development. He completed his Sijil Pelajaran Malaysia in Sekolah Menengah Sultan Abdul Jalil Kluang in 1982. Pang Chee Khiong is an entrepreneur who started his career in the family's plumbing business at the age of 20. 3 years later, he established his own plumbing company. As a result of his entrepreneurial skills, Mr Pang's plumbing business has grown and become one of the established and reputable plumbing companies in the southern region of Peninsular Malaysia. Pang Chee Khiong has also ventured into other businesses such as timber logging, construction and housing development. Pang Chee Khiong has more than 21 years of experience as an entrepreneur and has sound management skills as a result.

Pang Fok Seng, a Malaysian aged 42, was appointed to our Board on 25 March 2008 as the Managing Director. He completed his Sijil Tinggi Pelajaran Malaysia in Tunku Abdul Rahman College in 1986 and has since been involved in the family business up until 1992 when he set up CPC Polyply. In 2003, Hexa Analisa was incorporated and Pang Fok Seng has been actively involved in the daily operations of Hexa Analisa in terms of business planning and marketing. He is also actively involved in the development of both domestic and international markets as well as heading the R&D Department in determining the direction of R&D of new products. His sound R&D technical knowledge has enabled our Group to move to the fore-front of the advance polymer matrix fibre composite industry. Pang Fok Seng has more than fifteen years of experience in the advanced polymer matrix fibre composite industry and has been directing new product developments and improving existing products of our Group over the years. He has also developed a strong partnership between our Group and our multinational customers.

Lim Wai Kiew, a Malaysian aged 42, was appointed to our Board on 9 April 2008 as an Executive Director. She is primarily responsible for the office management and administration of our Group. Lim Wai Kiew graduated with a Diploma in Quantity Surveying from Singapore Polytechnic in 1990. She was a quantity surveyor in Lum Chang Building Contractors Pte Ltd, Singapore in 1990 and in PQS Consultants (Professional Quantity Surveying Consultants) Pte Ltd, Singapore in 1991. In 1992, she joined CPC Polyply in which she was one of the pioneer employees then who joined the founder to set up the CPC Polyply's business. She stayed in charge of office management and administration there until 2003 and subsequently joined Hexa Analisa thereafter.

Pang Nyuk Yin, a Malaysian aged 48, was appointed to our Board on 9 April 2008 as an Executive Director. She is responsible for the production processes, sales, purchases and general administration of our Group. She graduated with a LCCI (Book Keeping and Costing) certificate from Goon Institute in 1980. In 1989, she was an accounts executive in Soon Huat Plumbing and Electrical Works. Subsequent to that, she joined CPC Polyply in charge of production processes, sales, purchases and general administration until 2003 when she commenced her role in Hexa Analisa.

Chong Peng Khang, a Malaysian aged 28, was appointed to our Board on 20 October 2008 as an Independent Non-Executive Director. He holds a first class honours Bachelor of Accounting degree from the Multimedia University, Malaysia. He is a Chartered Accountant by profession as well as a member of the Association of Chartered Certified Accountants (ACCA, United Kingdom) and is a member of the Malaysian Institute of Accountants (MIA).

He began his career as an auditor with Deloitte KassimChan and subsequently Ernst & Young involved in auditing and business advisory of companies from various industries. His experience covers audit and assurance engagements, corporate reporting and compliance, taxation and wide-ranging overseas exposures.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL. (Cont'd)

He is currently heading the accounting and finance division of a public listed company listed on the Main Board of Bursa Malaysia Securities Berhad and responsible for the corporate finance, accounting, tax and cash flow functions of the company and its subsidiaries.

He is also currently a part time lecturer for ACCA Paper F6 (Business Taxation) in Sinar College, Melaka and has been invited by ACCA to become public speaker for certain Malaysian taxation related seminars organised by the international professional accounting body.

Dr. Chen Chaw Min, a Malaysian aged 47, was appointed to our Board on 20 October 2008 as an Independent Non-Executive Director. He graduated from the University of Technology, Malaysia with a Bachelor in Surveying (Hons) in 1985. He obtained his Masters in Business Administration (Finance) from University of Illinois at Urbana-Champaign, United States in 1997. He subsequently went on to obtain his Doctorate in Finance from University Putra Malaysia in 2005.

Dr. Chen began his career in the Malaysian Civil Service in 1988 and has held many posts in the government such as assistant secretary and principal assistant secretary in the Budget Division, Investment Division and Finance Division of the Ministry of Finance. He is currently the Senior Principal Assistant Secretary in the Finance Division of Ministry of Finance. Dr. Chen currently sits on the board of Modal Perdana a public venture capital company which is wholly owned by the Ministry of Finance Incorporated.

Datuk Mohamad Saleh Bin Mohd Ghazali, a Malaysian aged 64, was appointed to our Board on 20 October 2008 as an Independent Non-Executive Director. He graduated from the University of Hawaii, United States with a Bachelor of Business Administration and went on to obtain his Masters of Business Administration from Ohio University in Athens, United States in 1972.

Datuk Mohamed Saleh began his career by serving the Fishery Development Authority of Malaysia as an economist in 1972 and went on to lecture in Universiti Institut Teknologi Mara in 1973. Prior to retiring in November 1999 as the Executive Director/ Chief Executive Officer of Bank Perusahaan Kecil & Sederhana Malaysia Berhad, his other working experiences encompasses being a marketing executive in Tourist Development Corporation of Malaysia, an assistant director in the Urban Development Authority, Malaysia and an assistant general manager in the Armed Forces Provident Fund in its investment department. Datuk Mohamed Saleh currently holds directorships in private companies which includes amongst others, Micromagna Engineering Sdn Bhd and Micromagna Machinery Sdn Bhd.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

8.2.2 Directors' Shareholdings

The shareholdings of our Directors before and after the Public Issue and Bonus Issue are as follows:

Name	Designation	<-----Before Public Issue ----->		<-----After Public Issue ----->	
		Direct No. of Shares held	%	Direct No. of Shares held	%
Pang Chee Khiong	Executive Chairman	4,590,000	17.00	14,822,552	15.12
Pang Fok Seng	Managing Director	7,857,000	29.10	25,372,722	25.89
Lim Wai Kiew	Executive Director	2,459,700	9.11	7,943,144 ⁽¹⁾	8.11
Pang Nyuk Yin	Executive Director	-	-	7,857,000 ⁽²⁾	29.10
Chong Peng Khang	Independent Non- Executive Director	-	-	-	-
Dr. Chen Chaw Min	Independent Non- Executive Director	-	-	-	-
Datuk Mohamad Saleh Bin Mohd Ghazali	Independent Non- Executive Director	-	-	-	-

Notes:

- (1) Deemed interest by virtue of Lim Wai Kiew being his spouse.
(2) Deemed interest by virtue of Pang Fok Seng being her spouse.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.2.3 Directors' Directorships and/or Substantial Shareholdings in Other Public Corporations for the Past Two (2) Years

Based on the declarations by our Directors, none of our Directors has any directorships and/or substantial shareholdings (holding 5% shareholding or more), whether directly or indirectly, in other public corporations for the 2 years prior to the date of this Prospectus.

8.2.4 Directors' Remuneration and Material Benefits-in-Kind

All Directors were appointed to the Board in 2008. The expected remunerations for services rendered in all capacities to our Group for the financial year ending 31 May 2009 is approximately RM0.50 million, the breakdown of which are as follows:

Director	Compensation Band
Pang Chee Khiong	RM30,000 to RM150,000
Pang Fok Seng	RM150,000 to RM300,000
Lim Wai Kiew	RM30,000 to RM150,000
Pang Nyuk Yin	RM30,000 to RM150,000
Chong Peng Khang	RM30,000 and below
Dr. Chen Chaw Min	RM30,000 and below
Datuk Mohamad Saleh Bin Mohd Ghazali	RM30,000 and below

The above remunerations which comprise Directors' fees and allowances as well as benefits in kind must be considered and recommended by the Nomination and Remuneration Committee and subsequently approved by our Board. Our Directors' fees must be further approved or endorsed by our shareholders at a general meeting.

Save for the above and as disclosed in Section 10.2 of this Prospectus, no other amount or benefit has been paid or intended to be paid or given to our Directors within the 2 years preceding the date of this Prospectus.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

8.2.5 Directors' Term of Office

Our Directors have just been appointed to serve in office. The Board comprises 4 Executive Directors and 3 Independent Non-Executive Directors and their respective terms of office are as follows:

Name	Designation	Expiration of term of office
Pang Chee Khiong	Executive Chairman	*
Pang Fok Seng	Managing Director	*
Lim Wai Kiew	Executive Director	*
Pang Nyuk Yin	Executive Director	*
Chong Peng Khang	Independent Non-Executive Director	*
Dr. Chen Chaw Min	Independent Non-Executive Director	*
Datuk Mohamad Saleh Bin Mohd Ghazali	Independent Non-Executive Director	*

Note:

* Subject to Articles 121 and 122:

An election of Directors shall take place each year. At least one-third (1/3) of the Directors for the time being shall retire from office at each annual general meeting. A Director retiring at a meeting shall retain office until the conclusion of the meeting. All Directors including the Managing Director shall retire from office once at least in each three (3) years. A retiring Director shall be eligible for re-election.

8.3 AUDIT, NOMINATION AND REMUNERATION COMMITTEES

8.3.1 Audit Committee

Our Audit Committee was established on 20 October 2008. Members of our Audit Committee are as follows:

Name	Designation	Directorship
Datuk Mohamad Saleh Bin Mohd Ghazali	Chairman	Independent Non-Executive Director
Dr. Chen Chaw Min	Member	Independent Non-Executive Director
Chong Peng Khang	Member	Independent Non-Executive Director

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

The Audit Committee's terms of reference are as follows:

- (i) Ensure the timely and accurate preparation and publication of financial statements of our Group;
- (ii) Review the adequacy of provisions against contingencies and bad and/or doubtful debts;
- (iii) Review internal control process and procedures, scope, internal audit findings and recommend actions to the Board;
- (iv) Recommend and appoint external auditors and deal with any issues arising from their audit findings;
- (v) Review related party transactions that may arise within our Group;
- (vi) Approve fees relating to external auditors; and
- (vii) Address any accountability issues that may arise from time to time within our Group.

8.3.2 Nomination Committee

Our Nomination Committee was established on 20 October 2008. Members of our Nomination Committee are as follows:

Name	Designation	Directorship
Dr. Chen Chaw Min	Chairman	Independent Non-Executive Director
Chong Peng Khang	Member	Independent Non-Executive Director
Pang Fok Seng	Member	Managing Director

The Nomination Committee's terms of reference are as follows:

- (i) Establish the minimum requirements of our Board, such as number and composition, mix of skills, experience, qualification and other core competencies;
- (ii) Recommend and assess nominees for directorships;
- (iii) Assess the qualification of our Board to ensure compliance with the relevant laws and regulations imposed by the relevant authorities;
- (iv) Recommend the removal of directorships for ineffectiveness or negligence; and
- (v) Ensure that all directors receive appropriate training to facilitate the discharge of their duties.

8.3.3 Remuneration Committee

Our Remuneration Committee was established on 20 October 2008. Members of our Remuneration Committee are as follows:

Name	Designation	Directorship
Datuk Mohamad Saleh Bin Mohd Ghazali	Chairman	Independent Non-Executive Director
Chong Peng Khang	Member	Independent Non-Executive Director
Pang Fok Seng	Member	Managing Director

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

The Remuneration Committee's terms of reference are as follows:

- (i) Establish and recommend a framework of remuneration for key positions within our Group;
- (ii) Recommend specific remuneration packages for key positions within our Group;
- (iii) Review our Group's management succession plan to ensure orderly transition and succession of key management positions;
- (iv) Recommend removal of key management for ineffectiveness or negligence; and
- (v) Review and recommend all human resource policies including among others recruitment disciplinary, remuneration and succession planning.

8.3.4 Articles governing our Directors

The relevant Articles of Association relating to remuneration, voting powers and borrowing powers of our Directors, as reproduced from our Articles of Associations, are as follows:

(a) Remunerations of Directors
Article 98

- (1) The fee of the Directors, who hold no executive office with the Company, for their services as Directors shall be determined by the Company by ordinary resolution at a general meeting and shall be payable by way of a fixed sum only and not by way of a commission on or percentage of profits or turnover and thereafter shall not be increased except by an ordinary resolution of the Company passed at an annual or other general meeting of the Company where notice of the proposed increase has been given in the notice convening the general meeting. If the fee of each such non-Executive Director is not specifically fixed by the Company in the general meeting then the quantum of fee to be paid to each non-Executive Director, within the overall limits fixed by the Company in the general meeting, shall be decided by resolution of the full Board. In default of any decision being made in this respect by the full Board, the fee payable to the non-Executive Directors shall be divided equally amongst them and such a Director holding office for part only of a year shall be entitled to a proportionate part of a full year's fee.
- (2) The salaries of the Directors who hold executive office with the Company shall not include a commission on or percentage of the Company's profits or turnover. The salaries of such Directors shall not be increased except by an ordinary resolution of the Company passed at an annual or other general meeting of the Company where notice of the proposed increase has been given in the notice convening the Meeting.

Article 99

Any Director who by request of the Board serves on any committee or performs special services for any purposes of the Company may be paid such extra remuneration by way of salary or otherwise (subject to any other provisions of these present) as the Board may determine. All the Directors shall also be entitled to be repaid by the Company all such reasonable travelling (including hotel and incidental) expenses as they may incur in attending meetings of the Board or of committees of the Board or general meetings or otherwise in or about the business of the Company.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

(b) Voting and borrowing powers of Directors**Article 102**

- (1) Subject to the Act and the Listing Requirements, no Director or intending Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office, or of the fiduciary relation thereby established, but the nature and extent of his interest must be disclosed by him at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration or, if the Director was not at the date of that meeting interested in the proposed contract or arrangement, then at the next meeting of the Directors held after he became so interested or, in a case where the Director becomes interested in a contract or arrangement after it is made, at the first meeting of the Directors held after he becomes so interested; provided, nevertheless, that, subject to any other provisions of these presents, a Director shall not as a Director vote in respect of any contract, proposed contract or arrangement in which he has, directly or indirectly, an interest and if he shall do so his vote shall not be counted.
- (2) A general notice in writing, which complies with Section 131(4) of the Act, given to the Directors by any Director shall be deemed to be sufficient declaration of interest in relation to the subject matter of the notice.

Article 114

- (1) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related company as may be thought fit.
- (2) The Directors may borrow or raise any such money as aforesaid, upon such terms and conditions in all respects as the Directors may think fit, upon or by the issue or sale of any bonds, debentures, debenture stocks or securities. The Company may in general meeting grant a right for the holders of bonds, debentures, debenture stocks or securities to exchange the same for shares in the Company or any class authorized to be issued. The Directors may secure or provide for the payment of any moneys to be borrowed or raised by a mortgage or a charge upon all or any part of the undertaking or property of the Company, both present and future and upon any capital remaining unpaid upon the shares of the Company, whether called up or not or by any other security and the directors may confer upon any mortgages or persons in whom any debentures, debenture stock or security is vested, such rights and powers as they think necessary or expedient; and they may vest any property of the Company in trustees for the purpose of securing any moneys so borrowed or so raised and confer upon the trustees or any receiver to be appointed by them or by any debenture holder, such rights and powers as the Directors may think necessary or expedient in relation to the undertaking or property of the Company, or the management or the realization thereof, or the making, receiving or enforcing of calls upon the members in respect of unpaid capital and otherwise, and may make and issue debentures to trustees for the purpose of further security, and any such trustees may be remunerated.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

- (3) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

8.3.5 Service Contract with Directors

None of our Directors or Directors of our subsidiary company has any existing or proposed service agreement with our Company or our subsidiary company, which is not expiring or not determinable by the employing company without payment of compensation as at 20 October 2008.

8.3.6 Involvement of Executive Directors in Other Businesses or Corporations

As at 20 October 2008, our Executive Directors are involved in an executive position in other businesses/corporations as disclosed below:

Name of Executive Director	Name of Company	Date Appointed/ (Resigned) as Director	Shareholdings				Principal Activities
			Direct No. of shares held	% held	Indirect No. of shares held	% held	
Pang Fok Sung	Soon Huat Plumbing & Electrical Works Sdn Bhd (178383-W)	-	41,749	8.35	-	-	Plumbing and electrical sub-contract works
	Wasabina Sdn Bhd (410180-D)	-	1,900	38.00	-	-	Building contractor
	P.T. CPC Internasional Indonesia (C-13859)	15 January 2003	10,000	40.00	-	-	Dormant
	CPC Polyply (241679-D)	2 June 1992	399,000	42.00	-	-	Fabricating and manufacturing of electrical switchboard systems, parts, components and equipment and trading in related items
Pang Chee Khiong	Soon Huat Plumbing & Electrical Works Sdn Bhd (178383-W)	31 January 1989	416,501	83.30	-	-	Plumbing and electrical works
	Agrimal Project Sdn Bhd (166784-K)	23 May 1995	129,000	43.00	-	-	Property development
	Obomas Jaya Sdn Bhd (580226-W)	6 June 2002	-	-	-	-	Timber merchants

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Name of Executive Director	Name of Company	Date Appointed/ (Resigned) as Director	Shareholdings				Principal Activities
			Direct No. of shares held	% held	Indirect No. of shares held	% held	
	Puncak Naga Sdn Bhd (403132-V)	1 October 1996	200,000	50.00	-	-	Property development
	Wasabina Sdn Bhd (410180-D)	1 December 1996	2,500	50.00	-	-	Building contractor
	Layang Metro Sdn Bhd (408770-D)	15 January 2001	150,000	60.00	-	-	Logging contractors and traders
	Atob Holdings Sdn Bhd (582893-H)	24 June 2002	684,902	99.99	-	-	Property investment
	Popular Heights Sdn Bhd (287433-D)	3 July 2000	23,000	92.00	-	-	Dormant
	P.T. CPC Internasional Indonesia (C-13859)	15 January 2003	10,000	40.00	-	-	Dormant
	CPC Polyply (241679-D)	2 June 1992	399,000	42.00	-	-	Fabricating and manufacturing of electrical switchboard systems, parts, components and equipment and trading in related items
	Total Valley Sdn Bhd (754386-H)	11 January 2008	31,500	35.00	-	-	Property development
	Pakatan Puncak Sdn Bhd (718740-U)	3 February 2006	105,000	42.00	-	-	Property development
	Soon Huat Plumbing & Electrical Works (JM0095424-T)	Sole proprietor	-	-	-	-	Plumbing and electrical works

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Name of Executive Director	Name of Company	Date Appointed/ (Resigned) as Director	Shareholdings				Principal Activities
			Direct No. of shares held	% held	Indirect No. of shares held	% held	
Pang Nyuk Yin	Soon Huat Plumbing & Electrical Works Sdn Bhd (178383-W)	31 January 1989	41,750	8.35	-	-	Plumbing and electrical works
	Agrimal Project Sdn Bhd (166784-K)	23 May 1995	6,000	2.00	-	-	Property development
	CPC Polyply (241679-D)	2 June 1995	38,000	4.00	-	-	Fabricating and manufacturing of electrical switchboard systems, parts, components and equipment and trading in related items
Lim Wai Kiew	Soon Huat Plumbing & Electrical Works Sdn Bhd (178383-W)	-	-	-	41,749*	8.35	Plumbing and electrical works
	Wasabina Sdn Bhd (410180-D)	-	-	-	1,900*	38.00	Building contractor
	P.T. CPC Internasional Indonesia (C-13859)	-	-	-	10,000*	40.00	Dormant
	CPC Polyply (241679-D)	-	-	-	399,000*	42.00	Fabricating and manufacturing of electrical switchboard systems, parts, components and equipment and trading in related items

Note:

* Deemed interest by virtue of Pang Fok Seng being her spouse.

Based on the declarations by Pang Fok Seng, Pang Nyuk Yin and Lim Wai Kiew, they are not involved in the day-to-day activities and operations of the abovementioned business and accordingly, their directorships and shareholdings in the above companies do not affect their contribution to our Group or negatively impact their ability to act as Executive Directors of our Group.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Pang Chee Khiong is the Executive Chairman of our Group. He is also involved in the operations of other business and corporations as set out above. The average time spent on our Group and other businesses and corporations is as follows:

	<u>Average time allocated per week</u>
(i) Fibon Group	40%
(ii) Other businesses or corporations	60%

Pang Chee Khiong is involved in the day-to-day operations of our Group alongside our Managing Director Pang Fok Seng. His involvement in the other businesses or corporations as set out above is not expected to have a material effect on his capacity as the Executive Chairman of our Group as these businesses' operations would not require him to be actively involved.

8.4 KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

8.4.1 Profiles

Save for the profiles of Pang Fok Seng, Pang Chee Khiong, Pang Nyuk Yin and Lim Wai Kiew which are set out in Section 8.2.1 of this Prospectus, the profiles of our key management and key technical personnel are as follows:

Pang Yoke Wah, a Malaysian aged 45, is our Finance Manager and is responsible for all matters pertaining to our Group's accounting, treasury and cash flow management, credit control as well as tax planning functions of our Group. Prior to this, she was a Finance Manager in CPC Polyply. She graduated with a LCCI (Book-Keeping) Certificate from the Practical Business Tutorial Centre in 1985 and obtained a Certificate in Computerised Accounting System from Institut Damai in 1987. Prior to joining us in 2004 as our Finance Manager, she was an accounts officer in Soon Huat Plumbing and Electrical Works and joined several other private limited companies in the same field.

Ilamaran A/L Ramamoorthy @ Narayanasamy, a Malaysian aged 33, is our Regional Sales Manager. Mr. Ilamaran joined us in 2006 and is principally responsible for managing our Group's sales team and business development portfolios for the local and overseas markets. He completed Higher Diploma in Software Engineering from Asia Pacific Institute of Information Technology, Kuala Lumpur and continued his studies to attain a Bachelor of Computing from University of Portsmouth, UK. Prior to joining us, he was employed by the Johor State Government for 4 years as the Private Secretary to a state executive committee member. He was also actively involved in sales & marketing of IT products and services for more than twelve years, with extensive business contacts in the South-East Asia region. He has developed strong public relation skills and sound knowledge in sales and marketing and currently oversees our customer base in Asia-Pacific, Middle East and Africa.

Zakaria Bin Abd Karim, a Malaysian aged 47, is our Technical Consultant. He is mainly responsible in providing advice and guidance to us on the technical aspects of the chemical properties of resin/polymer as well as on various other general R&D activities. Encik Zakaria obtained his Bachelor of Science (Hons) Majoring in Chemistry from University Kebangsaan Malaysia in 1980. He is an associate member of the Malaysian Institute of Chemistry (AMIC), Plastic Rubber Institute (AMPRI), Malaysian Industrial Hygiene Association and a former representative for Chemical Industry Council of Malaysia (CICM). Encik Zakaria has accumulated over twenty years of experience in the R&D of the polymer composites industry. Prior to joining us, Encik Zakaria was the R&D technical advisor in CPC Polyply from 2003. He was one of the key contributors to the development of its reinforced polymer composite products. Before working with CPC Polyply, he worked as a R&D chemist at Revertex Malaysia Sdn Bhd for twelve years and was involved in various projects including the development of thermoplastic acrylics solutions, dioctyl phthalane & dioctylnonyl phthalate plastisizers and polymer dispersion.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL. (Cont'd)

Goai Ker Meng, a Malaysian aged 46, is our Research Analyst in composite development and research methods. He is a specialist with expertise in the use of various analytical equipment and has vast experience in various analytical methods. He joined us in 2006 and responsible for planning and research on new composites development. He obtained a Bachelor of Science Degree majoring in Chemistry from the Champbell University in 1986. He began his career as a Chemist in Solid Interface System (M) Sdn Bhd in 1992 and took up the position of Senior Chemist.

Richard Foster Holly, a British aged 55, is our Applications Consultant. Richard is responsible for the development of international market research and product application for us. He holds a First Class Honours Bachelor of Science Degree in Civil Engineering from University of Wales in 1971. He has over twenty years of experience in the construction industry. Over that period, he worked in construction projects in China, Malaysia, Saudi Arabia, Peru and Brunei. His exposure in the construction industry has enabled him to play an important role in the direction of our Group as well as in the R&D and technology of new composite products.

Chong Chee Siong, a Malaysian aged 33, joined the company in 2008 as our General Manager. He is responsible for the corporate and financial management of the company. He has over 5 years of experience in audit professional field. He was involved in various audit assignments ranging from small private limited company to public listed companies as well as for multinational company operating in industries such as manufacturing, property development, investment holding, management services, golf club and theme park operations. He was also involved in the review of profit forecast, internal controls and preparation of consolidation package for overseas reporting purposes. He is a finalist in the professional body of the Association of Chartered Certified Accountants (ACCA).

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

8.4.2 Key Management and Key Technical Personnel's Shareholdings

The shareholdings of our key management and key technical personnel before and after the Public Issue and Bonus Issue are as follows:

Name	Designation	<-----Before Public Issue and Bonus Issue ----->		<----- After Public Issue and Bonus Issue ----->	
		Direct No. of Shares held	%	Direct No. of Shares held	Indirect No. of Shares held
Pang Yoke Wah	Finance Manager	-	-	-	-
Ilamaran A/L Ramamoorthy @ Narayanasamy	Regional Sales Manager	-	-	-	-
Zakaria bin Abd Karim	Technical Consultant	-	-	-	-
Goai Kear Meng	Research Analyst	-	-	-	-
Richard Foster Holly	Applications Consultant	-	-	-	-
Chong Chee Siong	General Manager	-	-	-	-

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.4.3 Service Contract with Key Management and Key Technical Personnel

Save for the following, none of our key management or key technical personnel has any existing or proposed service agreement with our Company or our subsidiary company, which is not expiring or not determinable by the employing company without payment of compensation as at 20 October 2008:

- (i) A service agreement entered into between Hexa Analisa and Zakaria bin Abd Karim dated 1 June 2007 for appointment of the latter to serve Hexa Analisa as its Research and Development Technical Advisor for an amount of RM24,000 annually for a period of 2 years commencing from the date of the agreement or such longer period as may be agreed by the parties; and
- (ii) A service agreement entered into between Hexa Analisa and Richard Foster Holly dated 1 June 2007 for appointment of the latter to serve Hexa Analisa as its Research and Development Technical Consultant for an amount of RM66,000 annually for a period of 2 years commencing from the date of the agreement or such longer period as may be agreed by the parties.

The abovementioned service agreements are subject to mutual termination without further compensation beyond the agreed amounts stated in the agreements.

8.4.4 Involvement of Key Management and Key Technical Personnel in Other Businesses or Corporations

The involvement of Pang Chee Khiong, Pang Fok Seng, Pang Nyuk Yin and Lim Wai Kiew in other businesses or corporations are disclosed in Section 8.3.6. As at 20 October 2008, our key management and key technical personnel are involved in an executive position in other businesses/corporations, as disclosed below:

Name of Key Management/ Key Technical Personnel	Name of Company	Date Appointed/ (Resigned) as Director	Shareholdings				Principal Activities
			Direct No. of shares held	% held	Indirect No. of shares held	% held	
Pang Yoke Wah	Puncak Naga Sdn Bhd (403132-V)	3 October 2002	-	-	-	-	Property development
	Wasabina Sdn Bhd (410180-D)	12 May 2001	-	-	-	-	Building contractor
	Layang Metro Sdn Bhd (408770-D)	15 January 2001	-	-	-	-	Logging contractors and traders
	CPC Polyply (241679-D)	-	38,000	4.00	-	-	Fabricating and manufacturing of electrical switchboard systems, parts, components and equipment and trading in related items

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Name of Key Management/ Key Technical Personnel	Name of Company	Date Appointed/ (Resigned) as Director	Shareholdings				Principal Activities
			Direct No. of shares held	% held	Indirect No. of shares held	% held	
Zakaria bin Abd Karim	ENV Consultancy & Monitoring Services (JM0376500 W)	Sole proprietor	-	-	-	-	Consultancy and monitoring services in occupational health safety
Ilamaran A/L Ramamoorthy @ Narayanasamy	Ila Computer Systems (JM0043687 8-A)	Sole proprietor	-	-	-	-	Dormant
Goai Kear Meng	Goai Chye Chua & Sons Sdn Bhd (79921-W)	11 January 1982	62,126	50.00	-	-	Dormant
	Connecteam Enterprise Sdn Bhd (751589-U)	12 January 2007	12,500	20.00	-	-	Dormant
Richard Foster Holly	CPC Polyply (241679-D)	2 June 2004	-	-	-	-	Fabricating and manufacturing of electrical switchboard systems, parts, components and equipment and trading in related items
	Waterways Property Portfolio Ltd (4385140)	14 July 2006	-	-	-	-	Marina management
	Canaltime Management (Alvecote) Ltd (03701496)	20 August 1999	60	60.00	-	-	Narrowboat holiday management
	Canaltime Management HF Ltd (5858188)	13 October 2006	-	-	-	-	Narrowboat holiday management
Chong Chee Siong	A1 Computer Sdn Bhd (580004-U)	10 January 2003	3010	10.00	-	-	Dealers in computers and electronics equipment

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Based on the declarations by Pang Yoke Wah, Zakaria bin Abd Karim, Ilamaran A/L Ramamoorthy @ Narayanasamy, Goai Kear Meng and Richard Foster Holly, they are not involved in the day-to-day activities and operations of the abovementioned business and accordingly, their directorships and shareholdings in the abovementioned business do not affect their contribution to our Group or negatively impact their ability to act as the key management personnel of our Group.

8.5 DECLARATIONS BY OUR PROMOTERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

Based on the declarations by our Promoters, Directors and key management and key technical personnel, none of the Promoters, Directors and key management and key technical personnel is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) Disqualification from acting as a director of any corporation, or from taking part directly or indirectly in the managing of a corporation;
- (iii) Charge and/or conviction in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) Any judgement entered against him involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) The subject of any order, judgment or ruling of any court of a competent jurisdiction, government or regulatory authority or body, permanently or temporarily enjoining him from engaging in any type of business practice or activity.

8.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no family relationships (as defined under Section 122A of the Act) or associations amongst our Promoters, Directors, substantial shareholders, key management and key technical personnel:

- (i) Pang Chee Khiong, Pang Fok Seng, Pang Yoke Wah and Pang Nyuk Yin are siblings;
- (ii) Pang Fok Seng and Lim Wai Kiew are husband and wife; and
- (iii) Richard Foster Holly is the brother-in-law of Pang Chee Khiong, Pang Fok Seng, Pang Nyuk Yin, Pang Yoke Wah and Lim Wai Kiew.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

8.7 INFORMATION ON EMPLOYEES

As at 20 October 2008, we have 44 employees who fall in the following categories and whose length of service is as follows:

Employee classification	Years of employment		No. of employees		Local	Foreign
	Less than 1 year	More than 1 year		%		
Directors	3	1	4	9.09	4	-
Management [^]	2	5	7	15.91	7	-
R&D	1	3	4	9.09	2	2
Accounts	1	-	1	2.27	1	-
Marketing and sales	3	1	4	9.09	4	-
Supervisory, administrative and clerical	5	4	9	20.46	9	-
Production and general worker						
- Skilled	14	-	14	31.82	-	14
- Unskilled	1	-	1	2.27	-	1
Total	30	14	44	100.00	27	17

Note:

[^] 3 of our employees holding a management position are also the Directors of our Group.

We do not have any contractual employees. There have been no labour or industrial disputes between our employees and our management which could have a material adverse financial impact on our Group. Our employees do not belong to any labour union.

8.8 TRAINING AND DEVELOPMENT

We recognise the importance of the development of human resources in ensuring we have employees who are competent and dynamic. Our employees are provided with opportunities to acquire new skills and knowledge through regular on-the-job training in areas of management skills and technical know-how. We also provide internal training workshops and opportunities for internal promotion as one of the key components of employees' development and retention.

8.9 MANAGEMENT SUCCESSION PLAN

We made efforts to train and remunerate our staff accordingly as we are aware that the continued success of our Group depends on our ability to retain and develop ourselves. Our Group's future success will also depend upon our ability to attract and retain skilled personnel.

Our Group also has a management succession plan consisting of:

- (i) Competitive remuneration and employee benefits including structured career planning and development; and
- (ii) Continuous training and education.

As part of our management succession plan, we have also identified middle management personnel across all levels to assist the heads of various business divisions in order to facilitate skill transfer so as to ensure smooth running and continuity of the operations of our Group. If the need arises, we intend to recruit qualified personnel with knowledge and expertise of the business.

9. APPROVALS AND CONDITIONS

9.1 CONDITIONS ON APPROVALS

We have procured for the following approvals for the Listing Scheme:

- (i) from the SC on 25 June 2008 and 17 October 2008 under the Guidelines on the Offering of Equity and Equity-Linked Securities For the MESDAQ Market and under the Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests; and
- (ii) from the MITI on 10 June 2008 and 20 October 2008.

In addition, Bursa Securities had vide its letters dated 2 June 2008 and 31 October 2008 granted its approval-in-principle for the admission to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued and paid-up share capital of Fibon of RM9,800,000 comprising 98,000,000 Fibon Shares on the MESDAQ Market.

The conditions imposed by the SC and the MITI and their respective status of compliance are set out below:

Authority / Details of Conditions Imposed	Status of Compliance
Conditions imposed by the SC <i>vide</i> its letters dated 25 June 2008 and 17 October 2008	
1. Fibon to disclose, in this prospectus, the expected impact of rising raw material prices, in particular due to the rising petroleum price, on Fibon's future business and financial performance, and mitigating factors thereof.	Complied in Section 4.1.4 of this Prospectus.
2. The interim dividend declared by Hexa Analisa amounting to RM12.3 million must be fully paid prior to the issuance of the Prospectus.	Complied. The dividend amounting to RM12.3 million has been declared and fully paid in July 2008.
3. Fibon to meet the 30% Bumiputera equity requirement within 1 year after its listing, in which the shares to be allocated to Bumiputera investors should be approved by MITI.	To be complied with.
4. Alliance/ Fibon to inform the SC when the proposed flotation on the MESDAQ Market is completed.	Noted. Will be complied with.
Conditions imposed by the MITI <i>vide</i> its letters dated 10 June 2008 and 20 October 2008	
1. To obtain the SC's approval for the Listing Scheme and comply with the Guidelines on the Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests.	Complied. The approvals from the SC were obtained on 25 June 2008 and 17 October 2008.
2. MITI has also agreed to recognise Modal Perdana in Fibon after 23 October 2008 which is after Modal Perdana meets the recognition criteria of 6 months.	Complied. Modal Perdana has met the recognition criteria of 6 months.
3. Fibon is required to inform the MITI of the shareholdings of the recognized Bumiputera investors, 6 months after Fibon is listed for the purpose of surveillance.	Noted. Will be complied with.

9. APPROVALS AND CONDITIONS (Cont'd)

The SC also noted vide its letter dated 17 October 2008, the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company arising from the implementation of the Listing Scheme is as follows:

	Before the Listing Scheme %	After the Listing Scheme %
Bumiputera	-	-
Non-Bumiputera	100.00	100.00
Foreigners	-	-
Total	100.00	100.00

9.2 MORATORIUM ON THE SALE OF SHARES

In accordance with Paragraph 4.47 of the SC Guidelines, 44,100,000 Shares representing 45% of the enlarged issued and paid-up capital of Fibon after the Public Issue and Bonus Issue will be placed under moratorium in the following manner:

	< ----- After the Public Issue and Bonus Issue ----- >			
Shareholders	No. of Fibon Shares held	% of share capital	No. of Fibon Shares under moratorium	% of share capital
Pang Chee Khiong	14,822,552	15.12	13,579,061	13.86
Pang Fok Seng	25,372,722	25.89	23,244,159	23.72
Lim Wai Kiew	7,943,144	8.11	7,276,780	7.42
Total	48,138,418	49.12	44,100,000	45.00

Pursuant to the moratorium to which the above affected shareholders have agreed, they will not be allowed to sell, transfer or assign the Shares they respectively hold within one year from the date of our admission to the Official List of the MESDAQ Market. Thereafter, they are permitted to sell, transfer or otherwise dispose of up to a maximum of one-third per annum of their respective shareholdings under moratorium on a straight line basis.

The restriction is specifically endorsed on the notice of allotment and share certificates representing the Fibon Shares held by the affected shareholders which are under moratorium to ensure that trading of these shares is not allowed in compliance with the restriction imposed by the SC. The public is deemed to have notice of this restriction.

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10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

10.1 INTERESTS IN SIMILAR BUSINESSES

As at 20 October 2008 and save as disclosed below, neither the Directors nor substantial shareholders of the Company and its subsidiary company have any interest, direct or indirect, in any businesses and/or corporations carrying on a trade similar to that of the Group.

Pang Fok Seng founded the production of insulation material business in 1992 under CPC Polyply. Hexa Analisa was incorporated on 15 October 2003 and began its operations on 27 August 2004 to formulate and produce another specialised and higher grade of insulation materials (i.e. "halogen-free" advanced polymer matrix fibre composites) which was intended to service the high-amperage insulation needs of the electrical industry. Due to higher grade of these insulation materials being produced by Hexa Analisa, the then customers of CPC Polyply preferred such enhanced electrical insulators and had moved to become Hexa Analisa's customers.

To mitigate the potential conflicts of interest between CPC Polyply and the Group, the following steps have been taken by the existing directors and shareholders of CPC Polyply:

- (i) Pang Fok Seng, Pang Chee Khiong, Pang Nyuk Yin, Pang Yoke Wah, Lim Wai Kiew and Richard Foster Holly have signed a confirmation letter that they will ensure that CPC Polyply shall not in the Federation of Malaysia (including East Malaysia and the Federal Territory of Labuan) or in such other parts of the world, either on its own account or in conjunction with or on behalf of any person, firm or company, carry on or be engaged, concerned or interested directly or indirectly whether as shareholder, director, employee, partner, agent, financier or otherwise in carrying on any similar business in competition with the business of the Group;
- (ii) Hexa Analisa has been assigned the full and exclusive right and benefit to use the "Fibon" trademark by CPC Polyply on 21 April 2008;
- (iii) A patent application entitled "*A method for improving Physicomechanical Properties of Unsaturated Polyesters*" for its polymer compound formulation was assigned to Hexa Analisa by CPC Polyply to hold proprietary rights to the patent on 21 April 2008;
- (iv) CPC Polyply has effectively changed its principal activity to fabricating and manufacturing of electrical switchboard systems, parts, components and equipment and trading in related items as at 28 March 2008 differing from the principal activity which Hexa Analisa is currently involved in; and
- (v) Pang Fok Seng, Pang Chee Khiong, Pang Nyuk Yin, Pang Yoke Wah, Lim Wai Kiew, Richard Foster Holly and CPC Polyply have signed a Non-Competition Deed dated 25 April 2008 to covenant and undertake that it shall not after the date of the Deed, without the prior written consent of Hexa Analisa, in the Federation of Malaysia (including East Malaysia and the Federal Territory of Labuan) or in such other parts of the world, engage or initiate or make preparations to be engaged in any other business or be concerned or involved, whether for reward or gratuitously, directly or indirectly, in any other commercial activity of any nature which conflicts with the interests of Hexa Analisa.

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10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**10.2 RELATED-PARTY TRANSACTIONS AND CONFLICT OF INTERESTS**

Save as disclosed below, there are no existing or proposed related-party transactions entered into between our Group and our Directors, substantial shareholders, key management, key technical personnel and/or persons connected with the Directors or substantial shareholders, key management and/or key technical personnel, during the past 3 FYE 31 May 2006 to 31 May 2008 and for the financial year ending 31 May 2009:

Related party	Relationship with Fibon	Nature of transaction	Value of Transaction for the FYE 31 May			
			2006 RM	2007 RM	2008 RM	Forecast 2009 RM
CPC Polyply	Directors Pang Chee Khiong, Pang Fok Seng, Lim Wai Kiew and Pang Nyuk Yin	Rental of factory to Hexa Analisa	18,000	60,000	65,152	60,000
		Sales of materials to Hexa Analisa	286,711	738,700	358,180	-
		Share of overhead and administrative expenses ^	504,507	572,412	428,608	-
	Substantial shareholders Pang Chee Khiong, Pang Fok Seng and Lim Wai Kiew					
	Key management personnel Pang Yoke Wah and Richard Foster Holly					

Note:

^ *The sharing of costs were based on revenue generated by Hexa Analisa and CPC Polyply which reflects the proportion of the use of resources between the 2 companies. Such arrangement has ceased subsequent to 31 May 2008.*

Our Directors will ensure that any related party transactions (recurrent inclusive, if any) are carried out on an arm's length basis and are not prejudicial to Fibon nor on terms more favourable to the related parties than those normally agreed with other customers/ suppliers and are also not to our detriment and to the detriment of the minority shareholders.

Save as disclosed above, our Directors and substantial shareholders of Fibon are not aware of any other transactions that may give rise to conflict of interest situations between our Group and any of our Directors, substantial shareholders, key management and key technical personnel.

We intend to seek our shareholders' mandate in relation to any future transactions with CPC Polyply after the Listing.

Please refer to Section 10.1 for mitigating factors of potential conflicts of interests with the Group.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**10.3 TRANSACTIONS THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS**

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during the past 3 FYE 31 May 2006 to 31 May 2008.

10.4 LOANS MADE BY OUR GROUP TO OR FOR THE BENEFIT OF RELATED PARTIES

Save as disclosed below, there are no outstanding loans, including guarantees of any kind, made by the Group to or for the benefit of related parties during the past 3 FYE 31 May 2006 to 31 May 2008 and the subsequent financial period thereof immediately preceding the date of this Prospectus.

Company	Amount due from	Nature of Transaction	<----- FYE 31 May ----->			4-months financial period ended 30 September 2008
			2006 RM'000	2007 RM'000	2008 RM'000	RM'000
Hexa Analisa	Pang Chee Khiong	Advances	-	564	-	-
	CPC Polyply	Advances	-	177	-	-
	Puncak Naga Sdn Bhd	Advances	-	602	-	-
	Pang Fok Seng	Advances	-	-	-	-
	Lim Wai Kiew	Advances	-	53	-	-

As at 20 October 2008, all advances from our Group to related parties stated above have been fully repaid to our Group.

10.5 PROMOTION OF MATERIAL ASSETS

Save for the Acquisition as disclosed in Section 5.4.2 and the related party transactions as disclosed in Section 10.2, none of our Directors or substantial shareholders or any persons connected to our Directors or substantial shareholders has any interest, direct or indirect, in the promotion of or in any material assets which have, during the past 3 FYEs 31 May 2006 to 31 May 2008, been acquired or are proposed to be acquired or disposed of or are proposed to be disposed of or leased to or are proposed to be leased to our Group, or in any contract or arrangement subsisting as at 20 October 2008 which is significant in relation to our business taken as a whole.

10. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

10.6 DECLARATION BY EXPERTS

Alliance confirms that there is no existing or potential conflict of interests in its capacity as the Adviser, Sole Underwriter, Placement Agent and Sponsor for the Listing Scheme.

Horwath confirms that there is no existing or potential conflict of interests in its capacity as the Auditors/ Reporting Accountants for the Listing Scheme.

Winston Wong Law Chambers confirms that there is no existing or potential conflict of interests in its capacity as the Solicitors for the Listing Scheme.

Frost & Sullivan Malaysia Sdn Bhd confirms that there is no existing or potential conflict of interests in its capacity as the independent market research consultant for the Listing Scheme.

AmInvestment Bank Berhad confirms that there is no existing or potential conflict of interests in its capacity as the Co-Placement Agent for the Listing Scheme.

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION

11.1 PROFORMA CONSOLIDATED INCOME STATEMENTS

The following is a summary of the proforma consolidated income statements of our Group for the past 3 FYE 31 May 2006 to 31 May 2008, which is presented for illustrative purposes only based on the audited financial statements of our Group which have been prepared in accordance with applicable approved accounting standards in Malaysia after making such adjustments that are considered necessary. The proforma consolidated income statements of our Group should be read in conjunction with the accompanying notes and assumptions as set out in the Reporting Accountants' Letter on the Proforma Consolidated Financial Information set out in Section 11.4 of this Prospectus.

	< ----- Proforma Group ----- >		
	FYE 31.05.2006 RM'000	FYE 31.05.2007 RM'000	FYE 31.05.2008 RM'000
Revenue	4,038	7,910	14,305
Cost of sales	(1,417)	(2,498)	(5,159)
Gross profit	2,621	5,412	9,146
Other income	13	22	180
Operating overheads	(682)	(1,202)	(1,319)
PBT	1,952	4,232	8,007
Depreciation and amortisation	33	57	88
Interest income	(13)	(22)	(52)
EBITDA	1,972	4,267	8,043
Depreciation and amortisation	(33)	(57)	(88)
Interest income	13	22	52
PBT	1,952	4,232	8,007
Taxation			
- Current taxation	(6)	(22)	(107)
- Deferred taxation	(100)	-	(53)
PAT	1,846	4,210	7,847
Gross profit margin (%) ⁽¹⁾	64.91	68.42	63.94
PBT margin (%) ⁽²⁾	48.34	53.50	55.97
PAT margin (%) ⁽³⁾	45.72	53.22	54.85
Number of Shares in issue ('000) ⁽⁴⁾	27,000	27,000	27,000
Gross EPS (sen)	7.23	15.67	29.66
Net EPS (sen)	6.84	15.59	29.06

Notes:

- (1) Calculated based on the gross profit over revenue.
- (2) Calculated based on the PBT over revenue.
- (3) Calculated based on the net profit for the year over revenue.
- (4) Based on the number of Fibon Shares in issue after the Acquisition but before the Public Issue and Bonus Issue.
- (5) There are no exceptional items, extraordinary items or minority interest reported by the Group for the financial years under review.
- (6) There is no share of profits and losses of associated companies and joint venture for the financial years under review.

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

11.2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MAY 2008

The following proforma consolidated balance sheets of our Group as at 31 May 2008 is for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions as set out in the Reporting Accountants' Letter on the Proforma Consolidated Financial Information set out in Section 11.4 of this Prospectus.

	(A)	(B)	(C)	(D)	After (D), Bonus Issue and utilisation of proceeds RM'000
	As at 31 May 2008 RM'000	After (A) and Share Split RM'000	After (B) and Acquisition RM'000	After (C) and Public Issue RM'000	
Non-Current Assets					
Plant and equipment	-	-	558	558	2,258
Development expenditure	-	-	542	542	542
	-	-	1,100	1,100	2,800
Current Assets					
Inventories	-	-	1,178	1,178	1,178
Trade receivables	-	-	3,649	3,649	3,649
Other receivables, deposits and prepayments	-	-	167	167	167
Fixed deposits	-	-	583	583	583
Cash and bank balances	*	*	1,907	11,044	4,316
	*	*	7,484	16,621	9,893
Total Assets	*	*	8,584	17,721	12,693
Equity					
Share capital	*	*	2,700	3,035	9,800
Share premium	-	-	-	8,802	37**
Merger deficit	-	-	(2,600)	(2,600)	(2,600)
(Accumulated losses)/ Retained profits	(7)	(7)	2,567	2,567	(461)
Total Equity	(7)	(7)	2,667	11,804	6,776
Non-Current Liabilities					
Deferred taxation	-	-	228	228	228
			228	228	228
Current Liabilities					
Trade payables	-	-	952	952	952
Other payables and accruals	7	7	173	173	173
Amount owing to a director	-	-	13	13	13
Amount owing to shareholders	-	-	4,000	4,000	4,000
Amount owing to a related party	-	-	476	476	476
Provision for taxation	-	-	75	75	75
	7	7	5,689	5,689	5,689

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

	(A)	(B)	(C)	(D)	After (D), Bonus Issue and utilisation of proceeds RM'000
	As at 31 May 2008 RM'000	After (A) and Share Split RM'000	After (B) and Acquisition RM'000	After (C) and Public Issue RM'000	
Total Liabilities	7	7	5,917	5,917	5,917
Total Equity and Liabilities	-	-	8,584	17,721	12,693
Number of Shares in issue ('000)	^	#	27,000	30,347	98,000
Proforma NA	(7)	(7)	2,667	11,804	6,776
Proforma NA per ordinary share (RM)	(3,500)	(350)	0.10	0.39	0.07

Notes:

* Indicating an amount of RM2.00.

** Indicating a net capitalisation of RM6.77 million for the Bonus Issue and estimated listing expenses of RM2.00 million.

^ Indicating 2 Fibon Shares of RM1.00 each.

Indicating 20 Fibon Shares of RM0.10 each.

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**11.3 PROFORMA CONSOLIDATED CASH FLOW STATEMENT FOR THE FYE 31 MAY 2008**

The following proforma consolidated cash flow statement of our Group for the FYE 31 May 2008 is for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions as set out in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as at 31 May 2008 disclosed in Section 11.4 of this Prospectus.

	Proforma Group FYE 31 May 2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before tax	8,007
Adjustments for:	
Amortisation of development expenditure	18
Depreciation of plant and equipment	70
Gain on foreign exchange	(64)
Interest income	(52)
Operating profit before working capital changes	<u>7,979</u>
Increase in inventories	(689)
Increase in trade and other receivables	(489)
Decrease in amount owing by related party	653
Increase in trade and other payables	775
CASH FROM OPERATIONS	<u>8,229</u>
Income tax paid	(56)
NET CASH FROM OPERATING ACTIVITIES	<u>8,173</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	52
Purchase of property, plant and equipment	(18)
NET CASH USED IN INVESTING ACTIVITIES	<u>34</u>
CASH FLOWS FOR FINANCING ACTIVITIES	
Proceeds from issuance of shares	*
Repayment from a shareholder	564
Repayment from a director	53
Advances from a director	13
Repayment from a related party	602
Dividend paid	(8,300)
NET CASH FOR FINANCING ACTIVITIES	<u>(7,068)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,139
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	1,351
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>2,490</u>

Note:

* Denotes RM2.00

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

11.4 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

(prepared for inclusion in this Prospectus)



31 OCT 2008

The Board of Directors
FIBON Berhad
12A Jalan 20
Taman Sri Kluang
86000 Kluang
Johor

Dear Sirs/Madam,

**FIBON BERHAD ("FIBON")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED 31 MAY 2006 TO 2008**

We have reviewed the proforma consolidated financial information of FIBON and its subsidiary ("FIBON Group" or "the Group") for the financial years ended 31 May 2006 to 2008, together with the accompanying notes thereto, for which the Directors are solely responsible, as set out in the accompanying statements (stamped by us for the purpose of identification only) prepared for illustrative purposes for inclusion in the Prospectus of FIBON to be dated on **24 NOV 2008** in connection with the public issue of 3,347,000 of ordinary shares of RM0.10 each in conjunction with the listing of the entire issued and paid-up share capital of FIBON on the Mesdaq Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

It is our responsibility to form an opinion on the proforma consolidated financial information as required by the Prospectus Guidelines in respect of Public Offerings issued by the Securities Commission and to report our opinion to you.

As the proforma consolidated financial information has been prepared for illustrative purposes only, such information may not, because of its nature, reflect the actual financial position, results and cash flows of FIBON Group. Further, such information does not purport to predict the future financial position, results and cash flows of FIBON Group.

In our opinion,

- (a) the proforma consolidated financial information has been properly prepared on the bases set out in the accompanying notes to the proforma financial information and such bases are consistent with the accounting policies of FIBON Group;
- (b) the financial statements used in the preparation of the proforma consolidated financial information were prepared in accordance with applicable approved Financial Reporting Standards in Malaysia; and
- (c) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing such proforma consolidated financial information.

Horwath Offices in Malaysia:

Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Penang

Horwath (AF No 1018)
Johor Bahru Office
Chartered Accountants

30-04 Level 30
Menara Landmark
Mail Box 171
12 Jalan Ngee Heng
80000 Johor Bahru

607.278.1268
607.278.1238 Fax
horwathjb@horwathjb.com.my

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)



We understand that this letter will be used solely for the purpose stated above. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature of the word "Horwath" in a cursive script.

Horwath
Firm No.: AF 1018
Chartered Accountants

A handwritten signature in cursive script, appearing to read "Tan Lin Chun".

Tan Lin Chun
Approval No: 2839/10/09 (J)
Partner

11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**PROFORMA CONSOLIDATED FINANCIAL INFORMATION
APPENDIX I****FIBON BERHAD ("FIBON") AND ITS SUBSIDIARY ("FIBON GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****1. PROFORMA GROUP AND BASIS OF PREPARATION****1.1 Proforma Group**

The proforma consolidated financial information of FIBON Group is presented for the purpose of illustration only and comprises the financial information of:-

- (i) FIBON Berhad ("FIBON"); and
- (ii) Hexa Analisa Sdn Bhd ("HEXA") (referred to as the "Subsidiary")

The relevant financial periods for the purpose of this report ("Relevant Financial Periods") are as follows:-

Company	Relevant Financial Periods
FIBON	Financial period from 25 March 2008 (date of incorporation) to 31 May 2008
HEXA	Financial years ended ("FYE") 31 May 2006 to 31 May 2008.

The first set of audited financial statements prepared by FIBON was for the financial period from 25 March 2008 (date of incorporation) to 31 May 2008, hence there are no financial statements of FIBON for the FYE 2006 to 2007. For the purpose of this report, the audited financial statements of FIBON for 31 May 2008 are presented.

The auditors for the Relevant Financial Periods were Messrs Horwath.

The proforma consolidated financial information comprises the following:-

Section 2 - Proforma Consolidated Income Statements for the Relevant Financial Periods;

Section 3 - Proforma Consolidated Balance Sheets as at 31 May 2008; and

Section 4 - Proforma Consolidated Cash Flow Statements for FYE 2008.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

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FIBON BERHAD ("FIBON") AND ITS SUBSIDIARY ("FIBON GROUP")**PROFORMA CONSOLIDATED FINANCIAL INFORMATION****1. PROFORMA GROUP AND BASIS OF PREPARATION****1.2 Basis of Preparation**

The proforma consolidated financial information is prepared using the audited financial statements of FIBON and HEXA for the Relevant Financial Periods.

The proforma consolidated financial information has been prepared in accordance with applicable approved Financial Reporting Standards in Malaysia consistent with those previously adopted in the preparation of the audited financial statements of FIBON and HEXA as at FYE 2006 to FYE 2008, and after incorporating adjustments that are appropriate for the preparation of the proforma consolidated financial information.

The proforma consolidated financial statements have been prepared using the merger method. Under the merger method, the difference between the acquisition cost and the nominal value of the share capital of the subsidiary is taken to the merger reserve or deficit.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiary to ensure consistency of accounting policies with those of the FIBON Group.

The proforma consolidated financial information has been prepared to illustrate:-

- (i) the financial results of FIBON Group for the FYE 31 May 2006 to 2008 on the assumption that FIBON Group had been in existence throughout the Relevant Financial Periods;
- (ii) the proforma consolidated balance sheets of FIBON Group as at 31 May 2008 which incorporates the effects of the transactions as described below had the transactions been implemented and completed on 31 May 2008; and
- (iii) the proforma consolidated cash flow statements of FIBON Group for the FYE 31 May 2008 has been prepared for illustrative purposes only, based on the audited financial statements of FIBON Group.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PROFORMA CONSOLIDATED FINANCIAL INFORMATION
APPENDIX I

FIBON BERHAD ("FIBON") AND ITS SUBSIDIARY ("FIBON GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

1. PROFORMA GROUP AND BASIS OF PREPARATION

1.2 Basis of Preparation (Cont'd)

Share Split

Share split of FIBON's existing issued and paid-up share capital of two (2) ordinary shares of RM1.00 each into twenty (20) ordinary shares of RM0.10 each.

Acquisition

Acquisition of the entire issued and paid-up capital of Hexa Analisa Sdn Bhd ("HEXA") comprising 100,000 ordinary shares of RM1.00 each for a purchase consideration of RM2,699,998 to be satisfied by the issuance of 26,999,980 new ordinary shares of RM0.10 per share in FIBON ("FIBON Shares") at par.

Listing Scheme

FIBON seeks listing on the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The listing scheme comprises the following:-

- (a) Public issue of 3,347,000 new FIBON Shares, representing 11.03% of the enlarged issued and paid-up share capital of FIBON prior to the Bonus Issue, at an issue price of RM2.73, to be allocated to the followings:-

(i) Public

308,000 FIBON Shares, representing 1.01% of the enlarged issued and paid-up share capital of FIBON prior to the Bonus Issue will be made available for application by the public of which at least 30% will be to the extent possible allocated to Bumiputera individuals, companies, societies, co-operatives and institutions;

(ii) Eligible Employees of FIBON Group

15,000 FIBON Shares, representing 0.05% of the enlarged issued and paid-up share capital of FIBON prior to the Bonus Issue have been reserved for application by eligible employees of FIBON Group; and



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION
APPENDIX I**

FIBON BERHAD ("FIBON") AND ITS SUBSIDIARY ("FIBON GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

1. PROFORMA GROUP AND BASIS OF PREPARATION

1.2 Basis of Preparation (Cont'd)

(iii) Private Placement

3,024,000 FIBON shares, representing 9.97% of the enlarged issued and paid-up share capital of FIBON prior to the Bonus Issue have been reserved for private placement.

(b) Bonus Issue

Implementation of a bonus issue of 67,653,000 new FIBON Shares subsequent to the Public Issue. The 67,653,000 new FIBON Shares will be issued to the shareholders of FIBON prior to the listing on Bursa Securities on the basis of approximately 10,000 new FIBON Shares for every 4,486 FIBON Shares held after the Public Issue and will be completed prior to the listing. The share premium arising from the Public Issue will be capitalised for the bonus issue.

(c) Listing on Bursa Securities

The listing of and quotation for the entire enlarged issued and paid-up share capital of FIBON of RM9,800,000 comprising 98,000,000 FIBON Shares on the MESDAQ Market of Bursa Securities.

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

APPENDIX I

FIBON BERHAD ("FIBON") AND ITS SUBSIDIARY ("FIBON GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

2. PROFORMA CONSOLIDATED INCOME STATEMENTS OF FIBON GROUP

	Financial Years Ended 31 May		
	2006	2007	2008
	RM'000	RM'000	RM'000
Revenue	4,038	7,910	14,305
Cost of sales	(1,417)	(2,498)	(5,159)
Gross profit ("GP")	2,621	5,412	9,146
Other income	13	22	180
Operating overhead	(682)	(1,202)	(1,319)
Profit before tax ("PBT")	1,952	4,232	8,007
Depreciation and amortisation	33	57	88
Interest income	(13)	(22)	(52)
Earnings before interest, depreciation, tax and amortisation	1,972	4,267	8,043
Depreciation and amortisation	(33)	(57)	(88)
Interest income	13	22	52
Profit before tax ("PBT")	1,952	4,232	8,007
Income tax expense	(106)	(22)	(160)
Profit after tax ("PAT")	1,846	4,210	7,847
Minority interest	-	-	-
Net profit attributable to equity holders of the Group	1,846	4,210	7,847
<i>GP Margin (%)</i>	64.91	68.42	63.94
<i>Assumed number of ordinary shares in issue at RM0.10 each ('000) ¹</i>	27,000	27,000	27,000
<i>Gross earnings per share ("EPS") based on assumed number of shares in issue (sen) ²</i>	7.23	15.67	29.66
<i>Net EPS based on assumed number of shares in issue (sen) ³</i>	6.84	15.59	29.06
<i>Enlarged number of ordinary shares of RM0.10 each in issue ('000) ⁴</i>	98,000	98,000	98,000
<i>Gross EPS based on enlarged number of shares in issue (sen) ⁵</i>	1.99	4.32	8.17
<i>Net EPS based on enlarged number of shares in issue (sen) ⁶</i>	1.88	4.30	8.01



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION
APPENDIX I**

FIBON BERHAD ("FIBON") AND ITS SUBSIDIARY ("FIBON GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

2. PROFORMA CONSOLIDATED INCOME STATEMENTS OF FIBON GROUP (CONT'D)

Notes:-

- ¹ *Assumed number of ordinary shares in issue after the Acquisition but before the Public Issue and Bonus Issue.*
- ² *The Gross EPS were computed by dividing the PBT by the assumed number of shares in issue during the Relevant Financial Periods.*
- ³ *The Net EPS were computed by dividing the PAT by the assumed number of shares in issue during the Relevant Financial Periods.*
- ⁴ *Enlarged number of ordinary shares in issue after the Public Issue and Bonus Issue.*
- ⁵ *The Gross EPS were computed by dividing the PBT by the enlarged number of shares in issue during the Relevant Financial Periods.*
- ⁶ *The Net EPS were computed by dividing the PAT by the enlarged number of shares in issue during the Relevant Financial Periods.*

2.1 BASIS OF PREPARATION

The proforma consolidated income statements have been prepared for illustrative purposes only, based on the audited financial statements of FIBON and HEXA for the financial period set out in Section 1.

The proforma consolidated income statements have been prepared in accordance with applicable approved Financial Reporting Standards in Malaysia consistent with the accounting policies previously adopted in the preparation of the audited financial statements of FIBON and HEXA, and after incorporating adjustments that are necessary for elimination of all significant inter-company transactions and on the assumption that FIBON Group had been in existence throughout the FYE 31 May 2006 to 2008 under review.

The proforma consolidated income statements had been adjusted based on the assumptions that FIBON Group existed from 1 June 2005.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

APPENDIX I

FIBON BERHAD ("FIBON") AND ITS SUBSIDIARY ("FIBON GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS OF FIBON GROUP

	Note	As at				
		31 May 2008 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000	Proforma IV RM'000
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	3.2	-	-	558	558	2,258
Development expenditure	3.3	-	-	542	542	542
		-	-	1,100	1,100	2,800
CURRENT ASSETS						
Inventories	3.4	-	-	1,178	1,178	1,178
Trade receivables	3.5	-	-	3,649	3,649	3,649
Other receivables, deposits and prepayments	3.6	-	-	167	167	167
Fixed deposits with a licensed bank	3.7	-	-	583	583	583
Cash and bank balances	3.8	*	*	1,907	11,044	4,316
		*	*	7,484	16,621	9,893
TOTAL ASSETS		*	*	8,584	17,721	12,693
EQUITY AND LIABILITIES						
EQUITY						
Share capital	3.9	*	*	2,700	3,035	9,800
Share premium	3.10	-	-	-	8,802	37**
Merger deficit	3.11	-	-	(2,600)	(2,600)	(2,600)
(Accumulated loss)/Retained earning	3.12	(7)	(7)	2,567	2,567	(461)
TOTAL EQUITY		(7)	(7)	2,667	11,804	6,776
NON-CURRENT LIABILITIES						
Deferred taxation	3.13	-	-	228	228	228
		-	-	228	228	228
CURRENT LIABILITIES						
Trade payables	3.14	-	-	952	952	952
Other payables and accruals	3.15	7	7	173	173	173
Amount owing to a director	3.16	-	-	13	13	13
Amount owing to a related party	3.17	-	-	476	476	476
Provision for taxation		-	-	75	75	75
Amount owing to shareholders	3.18	-	-	4,000	4,000	4,000
		7	7	5,689	5,689	5,689
TOTAL LIABILITIES		7	7	5,917	5,917	5,917
TOTAL EQUITY AND LIABILITIES		-	-	8,584	17,721	12,693
Number of ordinary shares of RM0.10 each in issue ('000)		^	#	27,000	30,347	98,000
Proforma net (liabilities)/assets ("NL/NA") (RM'000)		(7)	(7)	2,667	11,804	6,776
Proforma NL/NA per ordinary share (RM)		(3,500)	(350)	0.10	0.39	0.07



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**PROFORMA CONSOLIDATED FINANCIAL INFORMATION****APPENDIX I****FIBON BERHAD ("FIBON") AND ITS SUBSIDIARY ("FIBON GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF FIBON GROUP****Notes:**

* Represents RM2.00

** Represents net of capitalisation of RM6.77 million for bonus issue and estimated listing expenses of RM2.0 million.

^ Represents 2 ordinary shares of RM1.00 each.

Represents 20 ordinary shares of RM0.10 each.

3.1 BASIS OF PREPARATION

The proforma consolidated balance sheets have been prepared for illustrative purposes only, based on the audited financial statements of FIBON Group as at 31 May 2008.

The proforma consolidated balance sheets have been prepared in accordance with applicable approved Financial Reporting Standards in Malaysia consistent with the accounting policies previously adopted in the preparation of the audited financial statements of FIBON Group as at 31 May 2008, and after incorporating adjustments that are appropriate for the preparation of the proforma consolidated balance sheets.

The proforma consolidated balance sheets have been prepared using the merger method. Under the merger method, the difference between the acquisition cost and the nominal value of the share capital of the subsidiary is taken to the merger reserve or deficit.

The proforma consolidated balance sheets have been prepared to reflect the effect of the implementation of the Share Split, Acquisition, Public Issue and Bonus Issue had they been completed on that day, as follows:-

Proforma I

Proforma I has been presented to include the effect on the share split of FIBON's existing issued and paid up share capital of two (2) ordinary shares of RM1.00 each into twenty (20) ordinary shares of RM0.10 each.

Proforma II

Proforma II incorporates the effects of an acquisition by FIBON of the following:-

Subsidiary	Equity interest %	Ordinary shares of RM1.00 each	Purchase consideration* RM
HEXA	100	100,000	2,699,998

Note:-

* To be satisfied by FIBON through the issuance of new ordinary shares of RM0.10 each in FIBON.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

APPENDIX I

FIBON BERHAD ("FIBON") AND ITS SUBSIDIARY ("FIBON GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS OF FIBON GROUP (CONT'D)

3.1 BASIS OF PREPARATION

Proforma II (Cont'd)

The results of HEXA was consolidated using the merger method. Under the merger method, the difference between the acquisition cost and the nominal value of the share capital of the subsidiary is taken to merger deficit. The effect of the consolidation gave rise to the following merger deficit:-

Acquiree Company	Cost of Investment RM'000	Share capital of Acquiree as at 31 May 2008 RM'000	Merger Deficit RM'000
HEXA	2,700	100	2,600

Proforma III

Proforma III incorporates the effects of Proforma II and the Public Issue of 3.35 million new FIBON Shares at an issue price of RM2.73 per FIBON Share, payable in full on application.

Proforma IV

Proforma IV incorporates the effects of Proforma III and the Bonus Issue of 67.65 million new FIBON Shares on the basis of approximately 10,000 new FIBON Shares for every 4,486 FIBON Share and the proposed utilisation of gross proceeds of RM9,137,310 to be raised from the Public Issue in the following manner:-

	Notes	RM'000
Capital expenditure	*1	1,700
Research and development expenditure	*2	1,848
Estimated listing expenses	*3	2,000
Geographical expansion	*4	1,180
Working capital	*5	2,409
		9,137



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

APPENDIX I

FIBON BERHAD ("FIBON") AND ITS SUBSIDIARY ("FIBON GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS OF FIBON GROUP (CONT'D)

3.1 BASIS OF PREPARATION

Proforma IV (Cont'd)

Notes:-

- ¹ Capital expenditures of RM1,700,000 have been reflected under property, plant and equipment.
² Research and development expenditures of RM1,846,000 have been charged to Income Statement.
³ The estimated listing expenses of RM2,000,000 have been debited against the share premium.
⁴ Oversea office setup expenses of RM1,180,000 have been charged to Income Statement.
⁵ Amount retained as cash and bank balances.

3.2 PROPERTY, PLANT AND EQUIPMENT

	At cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
Plant and machinery	666	(142)	524
Office equipment, furniture and fittings	42	(8)	34
As per Proforma II / III	<u>708</u>	<u>(150)</u>	558
Add: Capital expenditure			<u>1,700</u>
As per Proforma IV			<u>2,258</u>

3.3 DEVELOPMENT EXPENDITURE

	2008 RM'000
Net book value 1 June	560
Amortisation charge for the year	<u>(18)</u>
Net book value at 31 May	<u>542</u>
	2008 RM'000
At cost	586
Accumulated amortisation	<u>(44)</u>
	<u>542</u>



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PROFORMA CONSOLIDATED FINANCIAL INFORMATION
APPENDIX I

FIBON BERHAD ("FIBON") AND ITS SUBSIDIARY ("FIBON GROUP")**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF FIBON GROUP (CONT'D)****3.4 INVENTORIES**

	2008 RM'000
At cost:-	
Raw materials	560
Work-in-progress	549
Finished goods	57
Trading goods	12
	<u>1,178</u>

None of the inventories is carried at net realisable value.

3.5 TRADE RECEIVABLES

The Group's normal trade credit terms range from 30 to 180 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profiles of trade receivables are as follows:-

	2008 RM'000
Australian Dollar	365
Euro	17
Hongkong Dollar	21
Singapore Dollar	1,936
South African Rand	161
Thai Baht	16
United States Dollar	<u>410</u>



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PROFORMA CONSOLIDATED FINANCIAL INFORMATION
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FIBON BERHAD ("FIBON") AND ITS SUBSIDIARY ("FIBON GROUP")**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF FIBON GROUP (CONT'D)****3.6 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	2008 RM'000
Other receivables	25
Deposits	2
Prepayments	140
	167

3.7 FIXED DEPOSITS WITH A LICENSED BANK

The effective interest rate per annum of the fixed deposits at the balance sheet date ranges from 3.1% to 3.7% per annum. The fixed deposits have a maturity of 12 months.

3.8 CASH AND BANK BALANCES

	2008 RM'000
As per Proforma II	1,907
Proceeds from Proposed Public Issue	9,137
As per Proforma III	11,044
Listing expenses	(2,000)
Purchase of property, plant and equipment	(1,700)
Research and development expenditure	(1,848)
Oversea office set up expenses	(1,180)
As per Proforma IV	4,316



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

APPENDIX I

FIBON BERHAD ("FIBON") AND ITS SUBSIDIARY ("FIBON GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS OF FIBON GROUP (CONT'D)

3.9 SHARE CAPITAL

The movements in the issued and paid-up share capital of FIBON are as follow:-

	Par Value	Number of ordinary shares	Amount of share capital RM
As at 25 March 2008 (date of incorporation)	RM1.00	2	2
After Share Split- As per Proforma I	RM0.10	20	2
Issued pursuant to the Acquisition	RM0.10	26,999,980	2,699,998
As per Proforma II	RM0.10	27,000,000	2,700,000
Issued pursuant to the Public Issue	RM0.10	3,347,000	334,700
As per Proforma III	RM0.10	30,347,000	3,034,700
Issued pursuant to the Bonus Issue	RM0.10	67,653,000	6,765,300
As per Proforma IV	RM0.10	98,000,000	9,800,000

3.10 SHARE PREMIUM

The effects of the Proposed Acquisition and Proposed Public Issue on the share premium are as follows:-

	RM'000
As at 31 May 2008	-
Share premium arising from the Public Issue	8,802
As per Proforma III	8,802
Bonus Issue	(6,765)
Estimated listing expenses	(2,000)
As per Proforma IV	37

3.11 MERGER DEFICIT

The merger deficit arose from the acquisition of subsidiary using the merger method of accounting.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PROFORMA CONSOLIDATED FINANCIAL INFORMATION
APPENDIX I

FIBON BERHAD ("FIBON") AND ITS SUBSIDIARY ("FIBON GROUP")**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF FIBON GROUP (CONT'D)****3.12 (ACCUMULATED LOSS)/RETAINED EARNING**

	2008 RM'000
As at 31 May 2008/ As per Proforma I	(7)
Acquisition	2,574
As per Proforma II / III	2,567
Less: Research and development expenditure	(1,848)
Oversea office set up expenses	(1,180)
As per Proforma IV	(461)

3.13 DEFERRED TAXATION

	2008 RM'000
Balance at 1 June	175
Recognised in income statement	53
Balance at 31 May	228

Deferred tax liabilities are attributable to the following items:-

	2008 RM'000
Deferred tax liabilities:-	
Plant and machinery	76
Development expenditure	136
Receivables	16
	228

3.14 TRADE PAYABLES

The normal trade credit terms granted to the Proforma Group range from 30 to 90 days.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

PROFORMA CONSOLIDATED FINANCIAL INFORMATION
APPENDIX I

FIBON BERHAD ("FIBON") AND ITS SUBSIDIARY ("FIBON GROUP")**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF FIBON GROUP (CONT'D)****3.15 OTHER PAYABLES AND ACCRUALS**

	2008 RM'000
Other payables	35
Accrued expenses	66
Payroll liabilities	72
	<u>173</u>

3.16 AMOUNT OWING TO A DIRECTOR

The amount owing to a director is unsecured, interest free and repayable on demand.

3.17 AMOUNT OWING TO A RELATED PARTY

The amount owing to a related party is unsecured, interest free and repayable on demand.

3.18 AMOUNT OWING TO SHAREHOLDERS

The amount owing to shareholders are unsecured, interest free and repayable on demand.



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**PROFORMA CONSOLIDATED FINANCIAL INFORMATION
APPENDIX I****FIBON BERHAD ("FIBON") AND ITS SUBSIDIARY ("FIBON GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****4. PROFORMA CONSOLIDATED CASHFLOW STATEMENTS OF FIBON GROUP**

	Financial Year Ended 31 May 2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	8,007
Adjustments for:-	
Amortisation of development expenditure	18
Depreciation of plant and equipment	70
Gain on foreign exchange	(64)
Miscellaneous interest income	(52)
Operating profit before working capital changes	7,979
Increase in inventories	(689)
Increase in trade and other receivables	(489)
Decrease in amount owing by a related party	653
Increase in trade and other payables	775
CASH FROM OPERATIONS	8,229
Income tax paid	(56)
NET CASH FROM OPERATING ACTIVITIES	8,173
CASH FLOWS FROM INVESTING ACTIVITIES	
Miscellaneous interest received	52
Purchase of property, plant and equipment	(18)
NET CASH FROM INVESTING ACTIVITIES	34
CASH FLOWS FOR FINANCING ACTIVITIES	
Dividends paid	(8,300)
Proceeds from issuance of shares	•
Repayment from a shareholder	564
Repayment from a director	53
Advances from a director	13
Repayment from a related party	602
NET CASH FOR FINANCING ACTIVITIES	(7,068)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,139
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	1,351
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	2,490

Notes:-

* Represent amount less than RM2.00



11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION
APPENDIX I**

FIBON BERHAD ("FIBON") AND ITS SUBSIDIARY ("FIBON GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

**4. PROFORMA CONSOLIDATED CASHFLOW STATEMENTS OF FIBON GROUP
(CONT'D)**

4.1 BASIS OF PREPARATION

The proforma consolidated cashflow statements have been prepared for illustrative purposes only, based the audited financial statements of FIBON Group for the FYE 31 May 2008.

The proforma consolidated cashflow statements have been prepared in accordance with applicable approved Financial Reporting Standards in Malaysia consistent with the accounting policies previously adopted in the preparation of the audited financial statements of FIBON Group as at 31 May 2008, and after incorporating adjustments that are necessary for elimination all significant inter-company balances and on the assumption that FIBON Group had been in existence throughout the said financial period under review. The proforma consolidated cashflow statements has been prepared before taking into account the proceeds from Public Issue and utilisation of proceeds.

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11. PROFORMA HISTORICAL FINANCIAL INFORMATION (Cont'd)**11.5 CAPITALISATION AND INDEBTEDNESS**

The consolidated cash and cash equivalents, capitalisation and indebtedness of our Group as at 31 May 2008 based on our proforma consolidated balance sheets as at 31 May 2008, adjusted for the net proceeds arising from the Public Issue, the Bonus Issue and the utilisation of proceeds as set out in Section 3.10 of this Prospectus are as follows:

	Proforma as at 31 May 2008 after the Share Split and Acquisition RM '000	After the Public Issue, Bonus Issue and utilisation of proceeds RM '000
Fixed Deposits	583	583
Cash and bank balances	1,907	4,316
Cash and cash equivalents	2,490	4,899
Borrowings		
- Short term borrowings	-	-
- Long term borrowings	-	-
Total indebtedness	-	-
Total equity	2,667	6,776
Total capitalisation and indebtedness	2,667	6,776

Contingent Liabilities

Our Board is not aware of any contingent liabilities as at 20 October 2008 (being the latest practicable date at which such amounts could be calculated prior to registration of this Prospectus), which have become enforceable or is likely to become enforceable, which in the opinion of our Directors, will or may substantially affect the ability of our Group to meet our obligations as and when they fall due.

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF PROFORMA/AUDITED FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus and the Accountants' Report as set out in Section 13.0 of this Prospectus.

12.1 OVERVIEW

Fibon is principally an investment holding company and the revenue of our Group is derived through our subsidiary company, Hexa Analisa. Hexa Analisa is principally involved in the formulation of advanced polymer matrix fibre composites, manufacturing and sales electrical insulators, electrical enclosures and meter boards.

Please refer to Section 5.0 of this Prospectus for details on our Group.

12.2 DIRECTORS' ANALYSIS AND COMMENTARY ON THE PROFORMA CONSOLIDATED INCOME STATEMENTS

12.2.1 Segmental Analysis

The following is the segmental analysis of our revenue assuming that our Group had been in existence throughout the financial years under review.

(i) Analysis of Revenue by Product and Geographical Location

	< ----- Proforma Group for the FYE 31 May ----- >					
	2006		2007		2008	
	RM '000	%	RM'000	%	RM'000	%
Local						
Insulators	1,221	30.24	1,585	20.04	2,352	16.44
Trading goods	2	0.05	-	-	45	0.31
	1,223	30.29	1,585	20.04	2,397	16.75
Exports						
Insulators	2,793	69.17	5,631	71.19	9,698	67.80
Trading goods	22	0.54	694	8.77	2,210	15.45
	2,815	69.71	6,325	79.96	11,908	83.25
Total	4,038	100.00	7,910	100.00	14,305	100.00

(ii) Analysis of Gross Profit by Products

	< ----- Proforma Group for the FYE 31 May ----- >					
	2006		2007		2008	
	RM '000	%	RM'000	%	RM'000	%
Insulators	2,620	65.27	5,293	73.35	8,711	72.30
Trading goods	1	4.17	119	17.15	435	19.29
	2,621		5,412		9,146	

The segmental analysis of PBT by individual product, geographical location or type of activity and division as well as the segmental analysis of gross profit by export and local market are not presented as the information were not made available due to the inability to allocate their administrative expenses and selling and distribution expenses as well as cost respectively.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF PROFORMA/AUDITED FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS (Cont'd)**12.2.2 Commentary on Past Proforma Operating Results****(i) FYE 31 May 2006 as compared to FYE 31 May 2005**

During FYE 31 May 2006, our Group's revenue increased by approximately RM2.12 million or 110.20% to RM4.04 million as compared to RM1.92 million in FYE 31 May 2005 mainly due to higher revenue registered by the export market. The higher revenue was attributable to increased orders of approximately RM1.11 million from our Group's existing and new customers in overseas markets especially from Singapore, Indonesia and Thailand. In addition, the Group has also received its first orders from Australia and South Africa amounting to approximately RM0.43 million.

The cost of sales for the FYE 31 May 2006 increased from RM0.61 million to RM1.42 million or 132.79%. The increase in the cost of sales were higher than the percentage increase in revenue as compared to FYE 31 May 2005 mainly due to lower margins from sale of trading goods which comprised of certain ancillary items such as door knob and neutral link base which our Group bought on behalf of our customers' due to their requests.

Gross profit increased by approximately RM1.30 million or 99.31% to RM2.62 million as compared to approximately RM1.32 million for FYE 31 May 2006 which is in line with the sales growth. The decrease in gross profit margin from 68.43% to 64.91% was due to a decrease in gross profit margin for insulator category as our Group decreased the selling price to increase our customer base in existing and new market both locally and abroad. In addition, the overall gross profit margin also decreased due to low gross profit margins generated from trading of goods.

Operating costs increased mainly due to the increase in staff cost by approximately RM0.31 million from the FYE 31 May 2005 as a result of the cost-sharing arrangement as described in Section 10.2 of this Prospectus. There was no interest expense being incurred by the Group during the financial year.

PBT increased by approximately RM0.90 million or 86.62% to RM1.95 million from RM1.05 million which is generally in line with the higher turnover achieved for the FYE 31 May 2006. The pre-tax profit margin decreased by 6.11% to 48.34% due to an increase in operating costs.

The tax expense amounting to approximately RM0.11 million during the year is in respect of current year tax on taxable profit from the trading division and also deferred tax expense arising from taxable temporary differences. PAT margin decreased from 50.39% to 45.72% in the FYE 31 May 2005 resulting from the abovementioned factors which included our strategy to increase customer base by lowering prices as well as higher operating expenditure incurred for the year. PAT increased from RM0.88 million or 90.70% to RM1.85 million mainly due to increase in revenue earned.

(ii) FYE 31 May 2007 as compared to FYE 31 May 2006

Revenue for FYE 31 May 2007 increased by RM3.87 million or 95.89% to RM7.91 million as compared to revenue generated in the previous year of RM4.04 million. The increase is attributable to increased orders from existing and new customers mainly from Singapore and Indonesia amounting to approximately RM3.55 million. In addition, we purchased copper on behalf of our customer amounting to approximately RM0.69 million. The total increase of revenue was however partly offset by a decrease in sales to Africa by approximately RM0.26 million in the financial year.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF PROFORMA/AUDITED FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS (Cont'd)

The cost of sales increased 76.29% from RM1.42 million by to RM2.50 million in the FYE 31 May 2007. The increased in cost of sales is less than proportionate increase in sales mainly due to the existence of fixed costs which did not differ much and higher selling price from the FYE 31 May 2006 to FYE 31 May 2007. During FYE 31 May 2007, our Group recorded gross profit of RM5.41 million which represents an increase of RM2.79 million or 106.49% as compared to RM2.62 million in FYE 31 May 2006 which is in line with our revenue growth.

In addition to the Group's higher turnover by 95.89%, the increase in gross profit resulted a gross profit margin increase from 64.91% for FYE 31 May 2006 to 68.42% for FYE 31 May 2007. The increase in gross profit margin is due to our Group's ability in the management of our cost of sales while increasing revenue due to increases in selling prices as a result of improvements in the quality of the products.

The operating costs increased from RM0.68 million to RM1.20 million or 76.25% from FYE 31 May 2006. This increase is less than proportionate increase in sales mainly due to the existence of fixed nature type of operating expenses. There was no interest expense being incurred by the Group during the financial year.

PBT increased by approximately RM2.28 million from RM1.95 million to RM4.23 million for the FYE 31 May 2007 and the pre-tax profit margin improved from 48.34% to 53.50% as compared to the previous financial year. The increase in PBT was mainly attributable to the relatively lower increases in cost of sales and operating expenses as compared to higher percentage of revenue generated.

The tax expense during the year is in respect of current year tax on taxable profit from the trading division and also deferred tax expense arising from taxable temporary differences.

The increase in PAT from RM1.85 million to RM4.21 million or 128.06% from the FYE 31 May 2006 while the PAT margins improved from 45.72% to 53.22% and these results were mainly due to increase in revenue and managed costs. There is no provision of deferred taxation during the financial year.

(iii) FYE 31 May 2008 as compared to FYE 31 May 2007

For the FYE 31 May 2008, the revenue increased by RM6.40 million or 80.85% to RM14.31 million as compared to FYE 31 May 2007. The increase is mainly attributable to increased sales of approximately RM5.86 million to existing and new customers from Malaysia, Singapore, Indonesia and Australia. Additionally, trading of copper for the year accounted for approximately RM2.26 million as compared to RM0.69 million in FYE 31 May 2007.

The cost of sales increased from RM2.50 million by 106.53% to RM5.16 million in the FYE 31 May 2008. The increase in cost of sales is higher than the percentage increase in revenue mainly due to lower margins from sales of trading goods which our Group bought on behalf of our customers due to their request.

During FYE 2008, gross profit increased by approximately RM3.73 million whilst gross profit margin decreased from 68.42% to 63.94%. Our management expresses that the decrease in gross profit margin was mainly due to higher sale of copper, being a trading item which contributed lower gross profit margin as compared to manufactured items. Sale of copper accounted for 15.76% of revenue in FYE 2008 as compared to 8.77% of revenue in FYE 31 May 2007.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF PROFORMA/AUDITED FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS (Cont'd)

Operating costs increased mainly due to the increase in research and development expenditure by approximately RM0.34 million from the FYE 31 May 2007. There was no interest expense being incurred by our Group during the financial year.

PBT increased by approximately RM3.78 million from RM4.23 million to RM8.01 million which is generally in line with the higher turnover achieved. The PBT margin improved from 53.50% in FYE 2007 to 56.02% in FYE 2008 as a result of marginal increase in operating costs recorded for FYE 31 May 2008 when compared to FYE 31 May 2007.

The tax expense during FYE 2008 is in respect of current year tax on taxable profit from the trading division and also deferred tax expense arising from taxable temporary differences.

The increase in PAT from RM4.21 million to RM7.85 million or 86.46% from the FYE 31 May 2007 while the PAT margins improved from 53.22% to 54.85% and these results were mainly due to healthy increase in revenue.

(iv) General information for the FYE 31 May 2006 to 31 May 2008

Tax considerations

The effective tax rate for the FYE 31 May 2006 to 31 May 2008 are lower than the statutory tax rate, mainly due to the pioneer status granted by MITI to Hexa Analisa. Please refer to Section 6.12 of this prospectus for more information on the pioneer status.

Exceptional/ Extraordinary Items

There were no exceptional or extraordinary items in the financial years under review.

Impact from foreign currency exposure, interest rates or commodity prices

Save for the foreign exchange gains/ losses recorded in the financial statements for the FYE 31 May 2006 to 2008 below, there was no material impact of fluctuations in foreign currency exchange rates, interest rates or commodity prices on operating profits of our Group in the relevant financial years under review as follows:

	< ----- Proforma Group for the FYE 31 May ----- >		
	2006	2007	2008
	RM	RM	RM
Gains/ (Losses) Realised	(56,614)	(88,878)	63,363
Gains/ (Losses) Unrealised	-	(77,151)	64,340

Audit Qualifications

There were no audit qualifications for the financial years under review.

Impact of Inflation

There was no material impact of inflation on operating profits of our Group in the relevant financial years under review as any cost increases are passed through to our customers.

Government, Economic, Fiscal or Monetary Policies

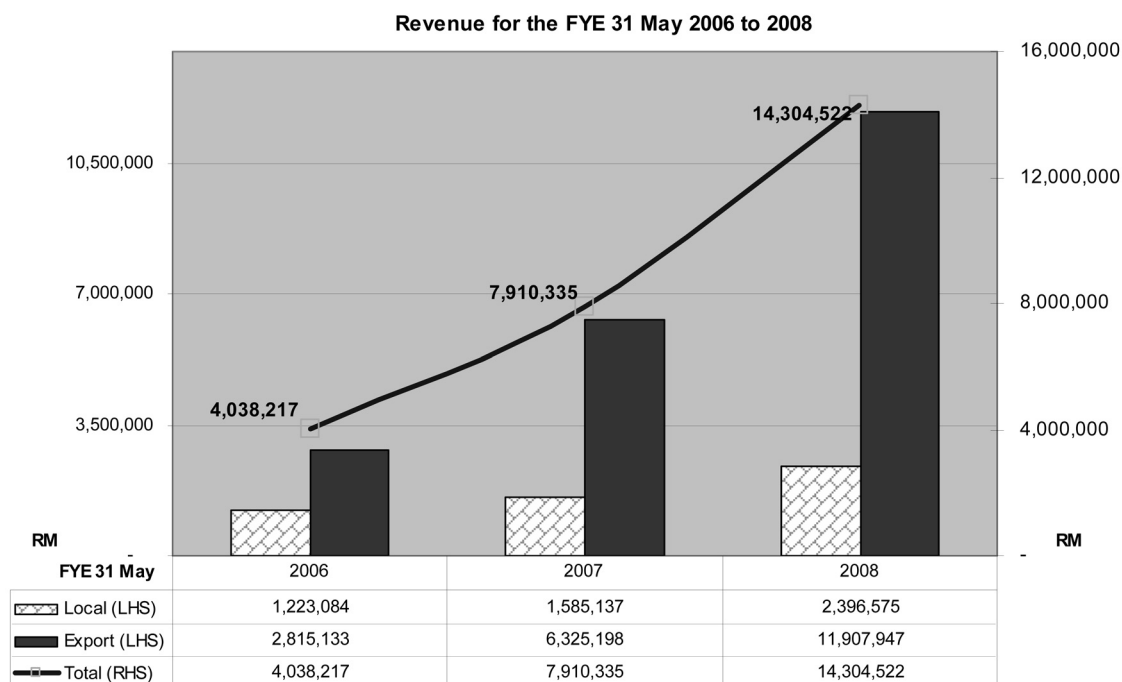
There is no government, economic, fiscal or monetary policies or factors that have, or could materially affect the Group's operations.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF PROFORMA/AUDITED FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS (Cont'd)

12.2.3 Significant Trends

Revenue and Business and Financial Prospects

The Group's financial performance for the past 3 years is illustrated in the following diagram and is based on the financial information of our Group as set out in Section 11.1 and 12.2.1:



The growth in the revenue is derived from the nature of the products and markets we are involved in. Our insulation materials are currently used in electrical equipments for projects such as electrical power management systems at airports, hydroelectric dams, power stations, sub-stations, electrical train systems and nuclear power plants where high-amperage insulation materials are required. Due to the nature of the industry whereby safety of such equipments are epitome, the use of insulation materials which have the required standard and characteristics will negate any resulting short-circuit and any other electrical malfunction are minimised to ensure that damage to such equipments and the danger towards human lives are reduced.

We are able to provide these equipments' manufacturers with a higher standard of insulation material which can withstand higher amperage than the average insulation material in the market. Our products which were used and tested by our customers have been accorded with the ASTA certification, which is a comprehensive quality and product certification, ensures that our products are able to withstand a certain level of high voltage within a period of time. This ensures that the end user are assured or comforted that the equipments being produced are safer and meets with local or international safety requirements.

In addition, as mentioned above, one of the other reasons for generating healthy revenues is due to the market in which we are in. According to Frost & Sullivan, we are the first and only Malaysian company to develop advanced thermoset polymer matrix fibre composites for applications in the high-amperage electrical insulator market in South East Asia.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF PROFORMA/AUDITED FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS (Cont'd)

Accordingly, our Board is optimistic that the future prospects of the Group given the above nature of industry, our Group's competitive advantages in Section 6.1 of this Prospectus and our strive for our future plans and developments as set out in Section 6.17 of this Prospectus.

Please refer to Section 7.0 of this Prospectus for the summary of the Independent Market Research report on our industry for further information on the potential of the industry.

Cost and Selling Price

Our cost of sales mainly comprise the following components:

- (i) cost of raw materials such as resins, additives and fibres;
- (ii) direct labour costs which consist of mainly salaries, bonuses, employees provident fund contributions made to employees and factory workers who are directly involved in our production and manufacturing activities;
- (iii) research and development expenses; and
- (iv) manufacturing overheads such as depreciation and rental of premises.

Raw materials such as fibres, additives and resins account for approximately 45.14% of the total raw material purchased for the FYE 31 May 2008. Resins being a petrochemical based raw material are affected by global fluctuations in crude oil. Any unfavourable fluctuations in prices of resins and failure to factor in such price increases will have an adverse effect on our profit margin.

Please refer to Section 4.0 of this Prospectus for further information on risk relating to price fluctuations in cost of sales.

Production

We have not experienced any production incapacity in the last 3 financial years. Our production capacity utilisation has shown an increasing trend throughout the last 3 financial years under review in which we utilised 17.32%, 31.13% and 53.46% of the available production capacity in FYE 31 May 2006, FYE 31 May 2007 and FYE 31 May 2008 respectively. We will be utilising the funds raised from the Public Issue to increase the current capacity in anticipation of larger volumes in the future.

Please refer to Section 6.4 of this Prospectus for further information on our production capacity.

Inventory

Our Group's inventory comprises mainly of raw materials and work-in-progress in the composition of 47.53% and 46.57% respectively for the FYE 31 May 2008. Our inventory turnover period has been sustaining in the range of 40.70 days in FYE 31 May 2006 to 83.33 days in FYE 31 May 2008.

Please refer to Section 12.5.3 of this Prospectus for further information on our inventory.

State of Order Book

We do not have any long-term agreements with our major customers and/or suppliers as at 20 October 2008.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF PROFORMA/AUDITED FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS (Cont'd)

12.3 DIRECTORS' DECLARATION ON FINANCIAL PERFORMANCE OF OUR GROUP

Save as disclosed in Sections 4.0, 7.0 and 12.0 of this Prospectus, our Directors are of the view that the financial performance, position and operations of our Group are not affected by any of the following:

- (i) Unusual or infrequent events or transactions or significant economic changes that have materially affected the financial performance, position and operations of our Group;
- (ii) material commitments for capital expenditure;
- (iii) known trends, demands, commitments, events or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on our financial performance, position and operations; and
- (iv) 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.

12.4 LIQUIDITY AND CAPITAL RESOURCES

12.4.1 Working capital

Our Group generally finances our growth and operations mainly through a combination of cash generated from our operations and external borrowings from financial institutions. The principal uses of our working capital are to purchase raw materials as well as to meet operational expenses. Our Group typically maintains a positive working capital balance which is generated from trade receipts.

As at 20 October 2008 (being the latest practicable date at which such amounts could be calculated prior to registration of this Prospectus), our Group's total cash assets amounted to approximately RM0.20 million. In addition, we have a total of RM0.30 million as banking facilities available to our Group comprising of letter of credit, trust receipt, bankers acceptance, bill of exchange purchased documentary, bill of exchange purchased (foreign cheque), shipping guarantee and letters of guarantee. Further details of our Group's borrowing are set out in Section 12.4.3 below.

Our Directors are of the opinion that, after taking into account the cash flow position of our Group, banking facilities available and the proceeds to be raised from the Public Issue, we will have adequate working capital for our present and foreseeable requirements for a period of 12 months from the date of this Prospectus.

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12. MANAGEMENT DISCUSSION AND ANALYSIS OF PROFORMA/AUDITED FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS (Cont'd)

12.4.2 Proforma Group Cash Flow Summary

The following summary of the proforma consolidated cash flow statement of our Group for the FYE 31 May 2008 is for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions as set out in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as at 31 May 2008 disclosed in Section 11.4 of this Prospectus.

	Proforma Group FYE 31 May 2008 RM'000
Net cash from operating activities	8,173
Net cash used in investing activities	34
Net cash used in financing activities	<u>(7,068)</u>
Net increase in cash and cash equivalents	1,139
Cash and cash equivalents brought forward	<u>1,351</u>
Cash and cash equivalents carried forward	<u>2,490</u>

Net cash used in operating activities

Net cash inflow from our Group's operating activities for the FYE 31 May 2008 amounted to RM8.17 million. Our PBT amounted to RM8.01 million while working capital changes amounted to RM0.25 million.

Net cash used in investing activities

Net cash outflow of RM0.03 million used in investing activities was mainly due to interest received.

Net cash used in financing activities

Net cash outflow of RM7.07 million used in financing activities were a result of dividends paid amounting to RM8.30 million and set off by advances made from shareholders, related parties as well as directors.

12.4.3 Borrowings

As at the 20 October 2008 (being the latest practicable date at which such amounts could be calculated prior to registration of this Prospectus), our Group does not have any borrowings save for banking facilities utilised amounting to RM21,000. The corresponding gearing ratio as a result of the facilities utilisation is negligible.

There has not been default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sum in relation to the facilities utilised by our Group which our Directors are aware of.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF PROFORMA/AUDITED FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS (Cont'd)

12.5 KEY FINANCIAL RATIOS

12.5.1 Trade Receivables

A summary of trade receivables of our Group for the past 3 FYE 31 May 2006 to 31 May 2008 is set out below:

	< ----- Proforma Group for the FYE 31 May ----- >		
	2006 RM '000	2007 RM'000	2008 RM'000
Trade receivables	1,208	3,229	3,649
Less: Allowance for doubtful debts	-	-	-
	1,208	3,229	3,649
Turnover	4,038	7,910	14,305
Percentage of trade receivables to turnover (%)	29.92	40.82	25.51
Trade receivables turnover period (days)	109.19	149.00	93.11

The normal credit period granted by our Group to our customers is between 30 to 180 days. The net trade receivables turnover period for the financial years under review fluctuated between 93 to 149 days. Our Group had not experienced any bad debts for the financial years under review.

Our Directors are of the opinion that the trade receivables turnover periods of our Group are reasonable.

12.5.2 Trade Payables

A summary of trade payables of our Group for the past 3 FYE 31 May 2006 to 31 May 2008 is set out below:

	< ----- Proforma Group for the FYE 31 May ----- >		
	2006 RM '000	2007 RM'000	2008 RM'000
Trade payables	235	313	952
Purchases	1,057	2,300	4,961
Percentage of trade payables to purchases (%)	22.23	13.61	19.19
Trade payables turnover period (days)	81.15	49.67	70.04

Generally, the normal credit period granted to our Group by our suppliers is between 30 to 90 days. The net trade payables turnover periods for the financial years under review decreased from 81 days to 70 days due to our Group's focus on accelerating payment on trade payables.

Our Directors are of the opinion that the trade payables turnover periods of our Group are reasonable.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF PROFORMA/AUDITED FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS (Cont'd)

12.5.3 Inventories

A summary of inventories of our Group for the past 3 FYE 31 May 2006 to 31 May 2008 is set out below:

	< ---- Proforma Group for the FYE 31 May ---->		
	2006 RM'000	2007 RM'000	2008 RM'000
Finished goods	60	237	57
Raw materials	98	214	560
Trading goods	-	38	12
Work in progress	-	-	549
	158	489	1,178
Cost of sales	1,417	2,498	5,159
Percentage of inventories to cost of sales (%)	11.15	19.58	22.83
Inventories turnover period (days)	40.70	71.45	83.33

For the past 3 FYE 31 May 2008, the inventories turnover period of our Group is between 41 to 83 days. The net inventories turnover periods for the financial year FYE 31 May 2006 increased from 41 days to 83 days in FYE 31 May 2008, as a result of high stock holding at year end. It is the norm for raw materials to be purchased 1 to 2 months ahead of production as time is required by suppliers for delivery of raw materials. In addition, as revenue increased, a higher stock holding was required to cater for increasing production.

Our Directors are of the opinion that our Group's inventories turnover period is reasonable. We manufacture our products based on the orders and contracts secured from our customers. Accordingly, there are no slow moving and obsolete inventories.

12.5.4 Current ratio

A summary of current ratios of the proforma Group for the past 3 FYE 31 May 2006 to 31 May 2008 is set out below:

	< ----- Proforma Group for the FYE 31 May ----->		
	2006 RM'000	2007 RM'000	2008 RM'000
Total current assets	2,935	6,499	7,484
Total current liabilities	625	374	5,689
Current ratio (times)	4.70	17.38	1.32

12. MANAGEMENT DISCUSSION AND ANALYSIS OF PROFORMA/AUDITED FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS *(Cont'd)*

12.5.5 Profit margin

A summary of gross profit and PAT margin of the proforma Group for the past 3 FYE 31 May 2006 to 31 May 2008 is set out below:

	< ----- Proforma Group for the FYE 31 May ----- >		
	2006 RM'000	2007 RM'000	2008 RM'000
Revenue	4,038	7,910	14,305
Gross Profit	2,621	5,412	9,146
PAT	1,846	4,210	7,847
Gross profit margin (%)	64.91	68.42	63.94
PAT margin (%)	45.72	53.22	54.85

12.6 FINANCIAL INSTRUMENTS FOR HEDGING

As at 20 October 2008 (being the latest practicable date at which such amounts could be calculated prior to registration of this Prospectus), our Group does not use any financial instrument for hedging purposes.

12.7 MATERIAL LITIGATION, MATERIAL CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

12.7.1 Material Litigation

Neither we nor our subsidiary company is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect and/or adverse effect on our Group's financial position or business as at 20 October 2008 (being the latest practicable date at which such amounts could be calculated prior to registration of this Prospectus).

12.7.2 Material Capital Commitments

Our Board is not aware of any material capital commitments incurred or known to be incurred by us or our subsidiary company, which upon become enforceable, may have a material impact on the financial position of our Group as at 20 October 2008 (being the latest practicable date at which such amounts could be calculated prior to registration of this Prospectus).

12.7.3 Contingent Liabilities

Our Board is not aware of any contingent liabilities as at 20 October 2008 (being the latest practicable date at which such amounts could be calculated prior to registration of this Prospectus), which have become enforceable or is likely to become enforceable, which in the opinion of our Directors, will or may substantially affect the ability of our Group to meet our obligations as and when they fall due.

12. MANAGEMENT DISCUSSION AND ANALYSIS OF PROFORMA/AUDITED FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS (Cont'd)

12.8 FUTURE FINANCIAL INFORMATION

There will be no future financial forecast for the FYE 31 May 2009 being prepared for inclusion into this Prospectus.

Our Board is not aware of any material information or known facts with regards to our liquidity, capital resources and future results of operations that would reasonable have any material adverse effect on the financial condition and results of our Group which would make the historical information herein irrelevant to investors' evaluation.

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