
8. SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.4.2 Profiles

The profiles of Mohammad Sobri Bin Saad, Tan Siow Hui and Basir Bin Bachik are set out in Section 8.2.2 of this Prospectus.

Siah Jiin Shyang, a Malaysian aged 31, is our Chief Operating Officer for Business Intelligence and Banking Solutions. He oversees the sales and delivery for CSS MSC's ICT projects. He obtained his Bachelor of Mechanical Engineering Degree from Universiti Malaya in 2002. He started his career with Silverlake System Sdn Bhd in 2002, a large IT corporation servicing the financial services sector in Malaysia, as a software engineer. He worked his way up the organisation and was promoted to senior software engineer and project manager before leaving for Quint Wellington Redwood Sdn Bhd in 2005 as a consultant. During his stint in Silverlake System Sdn Bhd and Quint Wellington Redwood Sdn Bhd, he garnered extensive experience in the implementation of banking and Business Intelligence across major banks in Malaysia and the ASEAN region. He is also the founding director of CSS MSC and was appointed as a Director of CSS MSC on 28 November 2005.

Eddy Lee Sin Ti, a Malaysian aged 29, is our Chief Technology Officer for Business Intelligence and Banking Solutions. He oversees the technological aspects and directions, develop human capital and intellectual properties for CSS MSC. He obtained his Bachelor of Computer Science Degree from Coventry University, United Kingdom in 2001. After graduation, Eddy joined eSoftouse Sdn Bhd as a software consultant for a brief spell before moving on to Silverlake System Sdn Bhd as a Junior Executive in 2002. His diligence and innovative drive was recognised by his superiors, resulting in him being promoted as a Senior Executive in the Software R&D department in 2004. During his time in Silverlake System Sdn Bhd, he garnered extensive experience in working on various software platforms such as open source, Java oriented solutions, STRUTS, JavaServerFaces and others. He is also experienced in designing, modelling, development and consultancy in ICT processes and project implementations. He eventually left Silverlake System Sdn Bhd in 2005 to join CSS MSC to further broaden his experience.

Eugene Surendran Gopalan, a Malaysian aged 39, is our Chief Technology Officer for RFID. He is responsible for hardware design test and customer support in EA MSC. He joined EA MSC on 4 April 2008 as the Head of R&D department. He obtained his Certificate in Technology (Electronic Engineering) from Tunku Abdul Rahman College in 1990. He started his career with Powermatic (M) Sdn Bhd in 1990 as a technician in charge of installations of customised electronic solutions. He later moved on to Sensormatic (M) Sdn Bhd in 1993 before joining Sierra Technology (M) Sdn Bhd in 1996 as the Senior Operations Manager. During his time there, he was in charge of the design and development of various products such as remote monitoring systems for elevator and escalator, alarm systems and card access systems. He was also tasked to oversee the project department and production line. While at Sierra Technology (M) Sdn Bhd, Eugene was a trainer and part of the team that was involved in obtaining the ISO 9000:2001 for Quality Management System certification for Sierra Technology (M) Sdn Bhd and thus, brings with him a wealth of experience to EA MSC.

8. SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

Tay Mun Kit, a Malaysian aged 33, is our Manager for the Accounts, Admin and Human Resource department. His primary role is to manage and oversee the group accounting, administrative and Human Resource functions. He joined our Group in December 2009 and is responsible for managing and overseeing our Group's financials and accounting system. In addition, he oversees the administrative and human resources functions of our Group. He holds a professional qualification from the Association of Chartered Certified Accountants and is an Associate Member since 2009. He has more than ten (10) years of experience in accounting, auditing and corporate services and has been involved in several major corporate exercises. His previous responsibilities entailed numerous dealing and liaising with public listed companies, merchant banks and statutory bodies like Bursa Securities, Central Depository, SC and ROC, amongst others. Through his working experiences, he is experienced in corporate matters, particularly with regards to statutory compliances to Bursa Securities' listing requirements, the Act and the Code of Corporate Governance.

8.5 Involvement of Our Executive Directors and/ or Key Management and Technical Personnel in Other Businesses/ Corporations

As at the LPD, save as disclosed below, none of our Executive Directors and/ or key management and technical personnel are involved in other businesses or corporations, save and except for the operations of our Company:-

| Name | Company | Principal Activities | Designation | Direct Shareholding % |
|-------------------------|---------------------------------|---|-------------|-----------------------|
| Mohammad Sobri Bin Saad | Izzinet Sdn Bhd | Provider of wireless broadband services | Director | 31.5 |
| | Koperasi Anak Sains MARA Berhad | Provision of insurance services and trading | Director | 2.0 |

Mohammad Sobri Bin Saad's involvement in the above businesses do not require a significant amount of his time as he is merely a director and shareholder of Izzinet Sdn Bhd and Koperasi Anak Sains MARA Berhad and does not hold any executive position in these companies. Furthermore, there is a chief executive officer and a professional management team in place to manage Izzinet Sdn Bhd, while Koperasi Anak Sains MARA Berhad has 12 directors to govern the operations of the company, which meets four (4) times in a year. In addition, Izzinet Sdn Bhd and Koperasi Anak Sains MARA Berhad are operating in distinctive and separate areas of activities, with different target markets as compared to our Group. As such, there are no conflict of interest between the principal activities of Izzinet Sdn Bhd, Koperasi Anak Sains MARA Berhad and our Group.

As such, Mohammad Sobri Bin Saad spends most of his working hours on the affairs of our Group. Hence, his involvement in other businesses and corporations neither materially nor adversely affect his contributions to our Group. His ability to act as Executive Director of our Group is not expected to change going forward.

8. SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

8.6 Declaration from Our Substantial Shareholders, Promoters, Directors, Key Management and Technical Personnel

As at the LPD, none of our substantial shareholders, Promoters, Directors and key management and technical personnel is or has been involved in any of the following events (whether within or outside Malaysia):-

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

8.7 Family Relationships and Associations

Save for Norazian Binti Abdul Kudus who is the spouse of Mohammad Sobri Bin Saad, there are no family relationships or associations between our substantial shareholders, Promoters, Directors and key management and technical personnel.

8.8 Benefits Paid or Intended to be Paid

Save for the remuneration and benefits for services rendered in all capacities of our Group as set out in Section 8.2.4 of this Prospectus, there are no other amounts or benefits paid or intended to be paid or given to our substantial shareholders, Promoters and Directors within the two (2) years preceding the date of this Prospectus.

8.9 Service Agreements

As at the LPD, none of our Directors and key management and technical personnel has any existing or proposed service agreement with our Group.

8.10 Employees

8.10.1 Number of Employees

As at the LPD, our Company has a total workforce of 49 permanent employees excluding our Board members, of which all our employees are Malaysians.

Our Company does not have any contractual or temporary employees. None of our employees belong to any trade unions and there have been no industrial dispute since we commenced operations.

8. SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

The breakdown of our employees by categories are as follows:-

| | <-----No. of Employees-----> | | |
|-----------------------------|------------------------------|-----------|-----------|
| | FPE/ FYE 31 December | | |
| | 2007 | 2008 | 2009 |
| Managerial | 3 | 3 | 5 |
| Technical and Supervisory | 12 | 21 | 35 |
| Sales and Marketing | 2 | 3 | 5 |
| Clerical and Administrative | 1 | 1 | 1 |
| Total workforce | 18 | 28 | 46 |

There was a significant increase in our technical and supervisory staff by the end of the FYE 31 December 2008 as EA MSC commenced its operations during the year. In addition, we expanded our technical workforce in CSS MSC during the FYE 31 December 2009 to sustain its growth and business requirements.

Having attained MSC status for CSS MSC and EA MSC, our Group has, over the years in operation, increased the number of knowledge workers employed by our Group.

8.10.2 Training and Development Programmes

Our Company believes that the ability to retain a team of highly skilled and knowledgeable workforce is instrumental to our success. Hence, we emphasise the importance of providing training and development programmes for our employees. These programmes relate to in-house workshops and external training programmes to update our employees on the latest developments within our Group and the industry we are involved in.

Our Group is a heavy user of technology and keeping up to date with the latest advancement in technology is essential for the progression of our Group. Monthly trainings and updates are conducted on various hardware and software that are being developed and deployed by our Group. In addition, we also send our personnel to attend relevant seminars in order to keep abreast with the latest in technological advancement.

Some of the training and development programmes which we have participated during the FYE 31 December 2009 and up to the LPD are set out below:-

| Month/ Year | Training and Development Programmes |
|----------------|--|
| March 2009 | IBM Websphere Application Server and Websphere MQ Training |
| May 2009 | IBM Service Management and SOA |
| July 2009 | SAS Business Intelligence Application |
| August 2009 | ICT Skill Transfer Workshop for small and medium enterprises |
| September 2009 | SAS – Activity Based Costing Modelling |

8. SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (CONT'D)

| Month/ Year | Training and Development Programmes |
|---------------|--|
| November 2009 | Implementing Microsoft Office SharePoint Server 2007 |
| November 2009 | Implementing and maintaining Microsoft SQL Server 2008 Analysis, Integration and Reporting |
| December 2009 | Application integration with Websphere Portal Server |
| May 2010 | Implementing a Microsoft SQL Server 2008 database |

In addition, all employees will be enrolled in training and certification in various areas, including J2EE software development, database management tools, project management tools, Business Intelligence tools and others.

Our training plan for our employees for the remainder of the FYE 31 December 2010 includes the following courses:-

| Month/ Year | Training and Development Programmes |
|---------------|---|
| June 2010 | Certification on Microsoft Sharepoint Server 2010 |
| October 2010 | IBM DB2 certification |
| December 2010 | IBM Websphere certification |

8.10.3 Management Succession Plan

Our business is organised along functional lines where department managers are responsible for the execution of their duties. Our Group practices management empowerment whereby department managers are relatively autonomous, and have significant decision-making authority within their span of control and within clearly defined boundaries. As such, there is no over reliance on our Chief Executive Officer/ Executive Director to be involved in all details and aspects of the operational and functional areas. This allows our Chief Executive Officer/ Executive Director to focus on strategic matters and on further developing the business for growth and success.

Nevertheless, to ensure business continuity, our Group has put in place a management succession plan which includes:-

- i. Identifying key competencies and requirements for managers and higher positions. Job and candidate profiles are developed for management positions in line with business goals, strategies and the culture of our Group; and
- ii. Taking a positive approach towards addressing talent management to ensure the organisation has talent readily available from a capability perspective to undertake leadership positions throughout the organisation.

In addition, our middle management are constantly exposed to various aspects of our business activities in order to ensure that they have a full understanding of the responsibilities and the decision-making process and are equipped with the knowledge necessary for them to succeed to senior management positions.

9. APPROVALS AND CONDITIONS

9.1 Approvals and Conditions

Our IPO is an exempt transaction under Section 213 of the CMSA and is therefore not subject to the approval of the SC.

The approval of the SC under the equity requirements for public companies was obtained on 6 April 2010.

The approval of the MITI for our Listing and recognition/ approval of our Bumiputera shareholders, namely Mohammad Sobri Bin Saad and Norazian Binti Abdul Kudus was obtained on 5 May 2010. The conditions imposed by the MITI for the approval and status of compliance are set out below:-

| Condition | Status of compliance |
|---|----------------------|
| i. EAH to notify the MITI upon completion of the Listing. | To be complied |

The approval of Bursa Securities for our admission to the Official List of the ACE Market and the listing of and quotation for our entire issued and paid-up share capital on the ACE Market was obtained on 26 April 2010. The conditions imposed by Bursa Securities for the approval and status of compliance are set out below:-

| Conditions | Status of compliance |
|--|---|
| i. Submission of the following information in respect of the moratorium on the shareholdings of promoters to the Bursa Malaysia Depository Sdn Bhd:- (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares | Complied |
| ii. Approvals from other relevant authorities have been obtained for implementation of the listing proposal; | Complied |
| iii. Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements; and | Announcement pursuant to paragraph 8.1 of Guidance Note 15 of the Listing Requirements had been made on 28 June 2010 being the date of this Prospectus. Relevant announcement made pursuant to paragraph 8.2 of Guidance Note 15 of the Listing Requirements will be made one day before the listing date |
| iv. Furnish Bursa Securities a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid up share capital of EAH on the first day of listing. | A copy of the schedule of distribution will be submitted to Bursa Securities on the first day of listing |

9. APPROVALS AND CONDITIONS (CONT'D)

9.2 Moratorium on Promoters' Shares

Pursuant to Paragraph 3.19 of the Listing Requirements of Bursa Securities and pursuant to the conditions imposed under the approval letter by Bursa Securities, a moratorium will be imposed on the sale, transfer or assignment of shares held by our Promoters as follows:-

- i. The moratorium applies to the entire shareholdings held by our Promoters for a period of six (6) months from the date of admission to the Official List ("Moratorium Period");
- ii. Upon the expiry of the Moratorium Period, our Promoters must ensure that their aggregate shareholdings amounting to at least 45% of the nominal issued and paid-up share capital of our Company shall remain under moratorium for another period of six (6) months; and
- iii. Thereafter, our Promoters may sell, transfer or assign up to a maximum of one-third (1/3) per annum of their respective shareholdings under moratorium on a straight-line basis.

Our Promoters whose Shares are subject to moratorium are set out below:-

| Promoters | No. of Shares to be held under moratorium after the IPO | % | No. of Shares to be held under moratorium after the Moratorium Period | % |
|----------------------------|---|-------------|---|-------------|
| Mohammad Sobri Bin Saad | 82,450,850 | 53.2 | 59,287,890 | 38.3 |
| Norazian Binti Abdul Kudus | 14,550,140 | 9.4 | 10,462,550 | 6.8 |
| Total | 97,000,990 | 62.6 | 69,750,450 | 45.0 |

Our Promoters have provided an undertaking letter to Bursa Depository that they will comply with the moratorium conditions as set out in paragraph 3.19(1) of the Listing Requirements.

The moratorium, which has been fully accepted by our Promoters, is specifically endorsed on the Share certificates representing our Promoters' respective shareholdings which are under moratorium to ensure that our Company's share registrar does not register any transfer not in compliance with the restriction imposed by Bursa Securities.

The endorsement, which will be affixed on the Share certificates are set out below:-

"The shares comprised herein are not capable of being sold, transferred or assigned for the period as determined by Bursa Securities ("Moratorium Period"). The shares comprised herein will not constitute good delivery pursuant to the Rules of Bursa Securities during the Moratorium Period. No share certificate or certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction."

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

10.1 Related Party Transactions and Conflict Of Interest

Our Board confirms that there are no related party transactions, existing or potential, entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors, substantial shareholders, key management and technical personnel and/ or persons connected with such Directors, substantial shareholders, key management and technical personnel for the past three (3) FPE/ FYE 31 December 2009.

Upon Listing, our Audit Committee will supervise the terms of related party transactions, and our Directors will report related party transactions, if any, annually in our Company's annual report. In the event that there are any proposed related party transactions that involve the interest, direct or indirect, of our Directors, the interested Director(s) shall disclose his interest to our Board, of the nature and extent of his interest including all matters in relation to the proposed related-party transactions that he is aware or should reasonably be aware of, which is not in our best interest. The interested Director(s) shall also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related party transactions.

In the event there are any proposed related party transactions that require the prior approval of shareholders of EAH, the Directors and/ or major shareholders and/ or persons connected with a Director and/ or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/ or indirect shareholdings. Where a person connected with a Director and/ or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director and/ or major shareholder concerned will also abstain from voting in respect of his direct and/ or indirect shareholdings. Such interested Directors and/ or major shareholders will also undertake that he shall ensure that the person connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

10.2 Transactions that are Unusual in Their Nature or Conditions

Our Directors have confirmed that to their best knowledge and belief, there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Company and/ or our subsidiaries is a party for the past three (3) FPE/ FYE 31 December 2009.

10.3 Outstanding Loans (Including Guarantees of Any Kind) Made for the Benefit of the Related Parties

Save as disclosed below, our Directors have confirmed that to their best knowledge and belief, there are no outstanding loans (including guarantees of any kind) that has been granted by our Company and/ or our subsidiaries to or for the benefits of the related parties for the past three (3) FPE/ FYE 31 December 2009:-

| Related party | Nature of transaction | Potential conflict of interest | Transaction Value FPE/ FYE 31 December | | |
|-------------------------|---|---|---|------|------|
| | | | 2007 | 2008 | 2009 |
| Mohammad Sobri Bin Saad | Short term advance by EASS for personal usage | Mohammad Sobri Bin Saad is the director and substantial shareholder of EASS | 888,991 ^{*1} | - | - |

Note:

^{*1} The amount was subsequently settled in full during the FYE 31 December 2008

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

10.4 Interest in Similar Businesses

As at the LPD, none of our Directors and/ or substantial shareholders has any interest, direct or indirect, in any businesses and corporations carrying on a similar trade as our Group and which are the customers or suppliers of our Group.

10.5 Promotion of Material Assets

Save as set out in Section 5.5.2 of this Prospectus, as at the LPD, none of our other Directors and/ or substantial shareholders has any interest, direct or indirect, in the promotion of or in any material assets acquired or proposed to be acquired or disposed or proposed to be disposed of or leased or proposed to be leased to our Company or our subsidiaries for the past three (3) FPE/ FYE 31 December 2009.

10.6 Interest in Contracts or Arrangements

As at the LPD, none of our Directors and/ or substantial shareholders has any interest in any contract or arrangement subsisting which is significant in relation to the business of our Group taken as a whole.

10.7 Declaration of the Advisers for the IPO

i. Adviser

OSK confirms that, as at the date of this Prospectus, there is no other existing or potential conflict of interest in its capacity as the Sponsor, Adviser, Underwriter and Placement Agent for the IPO.

ii. Due Diligence Solicitors

Messrs Ben and Partners has given its confirmation that there is no existing or potential conflict of interest in its capacity as the due diligence Solicitors for the IPO.

iii. Reporting Accountants

Messrs Chong & Co. has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Reporting Accountants for the IPO.

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11. FINANCIAL INFORMATION

11.1 Historical Financial Information

11.1.1 Proforma Consolidated Income Statements

The following table sets out a summary of the proforma consolidated income statements of our Group for the past three (3) FPE/ FYE 31 December 2009, prepared based on the assumption that our Group has been in existence throughout the financial period/ years under review. The proforma consolidated income statements are presented for illustrative purposes only and should be read in conjunction with the Accountants' Report and the Reporting Accountants' Letter together with the notes and assumptions accompanying on the proforma consolidated financial information set out in Sections 12 and 13 of this Prospectus.

We wish to highlight that the first (1st) financial period for EASS ended on 30 September 2007 (22 September 2006 (date of incorporation) to 30 September 2007) and the subsequent financial year end has been changed to 31 December (the first (1st) financial period after the change will be 15 months from 1 October 2007 to 31 December 2008 in accordance with Section 168(1) of the Act). In order to prepare the proforma consolidated income statements of our Group for the FPE 31 December 2007, the income statement of EASS for the FPE 2007 has been adjusted to 15 months (22 September 2006 (date of incorporation) to 31 December 2007), to include three (3) months from the subsequent financial period ended (1 October 2007 to 31 December 2008) while the income statement for the FPE 2008 has been adjusted to 12 months (1 January 2008 to 31 December 2008) taking into consideration the financial performance of EASS and its subsidiary company, EA MSC ("EASS Group").

| FPE/ FYE 31 December | 2007 RM'000 | 2008 RM'000 | 2009 RM'000 |
|--|----------------|--------------------|------------------|
| Revenue | 4,377 | 8,289 | 13,892 |
| Cost of sales | (2,524) | (6,137) | (8,126) |
| Gross profit | 1,853 | 2,152 | 5,766 |
| Other operating income | 59 | 2,155 ² | 950 ³ |
| Operating expenses | (1,696) | (2,287) | (3,039) |
| Operating profit | 216 | 2,020 | 3,677 |
| Finance costs | - | - | - |
| PBT | 216 | 2,020 | 3,677 |
| Taxation | (50) | (76) | (36) |
| PAT | 166 | 1,944 | 3,641 |
| Number of ordinary shares in EAH had EAH Group been in existence ('000) ¹ | 115,001 | 115,001 | 115,001 |
| EBITDA (RM'000) | 235 | 2,092 | 3,871 |
| Gross profit margin (%) | 42.3% | 26.0% | 41.5% |
| PBT margin (%) | 4.9% | 24.4% | 26.5% |
| PAT margin (%) | 3.8% | 23.5% | 26.2% |

11. FINANCIAL INFORMATION (CONT'D)

| FPE/ FYE 31 December | 2007 RM'000 | 2008 RM'000 | 2009 RM'000 |
|-------------------------|----------------|----------------|----------------|
| EPS (sen) | | | |
| - Basic | 0.14 | 1.69 | 3.17 |
| - Diluted ^{*4} | - | - | - |

Notes:-

- ^{*1} Based on the issued and paid-up share capital of 115,001,000 ordinary shares of RM0.10 each immediately prior to the Public Issue
- ^{*2} Other operating income for the FYE 31 December 2008 mainly consisted of the government agency grant disbursed during the financial year amounting to RM0.30 million granted to EA MSC and a one-off transaction from the sale of the programming source code for our Business Intelligence and Data warehousing solutions by CSS MSC to a third (3rd) party vendor amounting to RM1.70 million
- ^{*3} Other operating income for the FYE 31 December 2009 mainly consisted of the balance of the government agency grant amounting to RM0.90 million
- ^{*4} Diluted earnings per share is not provided as there were no potential ordinary shares to be issued throughout the financial period/ years under review
- ^{*5} There were no exceptional or extraordinary items throughout the financial period/ years under review
- ^{*6} There were no minority interest for all the financial period/ years under review

11.1.2 Proforma Consolidated Balance Sheets

The following table sets out a summary of the proforma consolidated balance sheets based on our consolidated financial statements as at 31 December 2009 to show the effects of the Acquisitions, the Public Issue and Offer for Sale and the proposed utilisation of proceeds from our Public Issue on the assumption that the transactions were completed on 31 December 2009. The proforma consolidated balance sheets are presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' Letter together with the notes and assumptions accompanying on the proforma consolidated financial information set out in Section 13 of this Prospectus.

| | As at 31 December 2009 ^{*2} RM'000 | Proforma I After the Acquisitions RM'000 | Proforma II After I and the Public Issue and Offer for Sale RM'000 | Proforma III After II and utilisation of proceeds RM'000 |
|-------------------------------|--|---|--|--|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | - | 763 | 763 | 763 |
| Goodwill on consolidation | - | 1,765 | 1,765 | 1,765 |
| | - | 2,528 | 2,528 | 2,528 |
| Current assets | | | | |
| Inventories | - | 245 | 245 | 245 |
| Trade receivables | - | 5,304 | 5,304 | 5,304 |
| Other receivables | - | 997 | 997 | 723 |
| Cash and cash equivalents | - ^{*1} | 2,628 | 12,628 | 11,402 |
| | - ^{*1} | 9,174 | 19,174 | 17,674 |
| TOTAL ASSETS | - ^{*1} | 11,702 | 21,702 | 20,202 |

11. FINANCIAL INFORMATION (CONT'D)

| | As at 31 December 2009 ^{*2} RM'000 | Proforma I After the Acquisitions RM'000 | Proforma II After I and the Public Issue and Offer for Sale RM'000 | Proforma III After II and utilisation of proceeds RM'000 |
|---|--|---|--|--|
| EQUITY AND LIABILITIES | | | | |
| Share capital | - ^{*1} | 11,500 | 15,500 | 15,500 |
| Share premium | - | - | 6,000 | 4,500 |
| Total equity | -^{*1} | 11,500 | 21,500 | 20,000 |
| Non-current liabilities | | | | |
| Deferred tax liabilities | - | 97 | 97 | 97 |
| | - | 97 | 97 | 97 |
| Current liabilities | | | | |
| Other payables | - | 103 | 103 | 103 |
| Provision for taxation | - | 2 | 2 | 2 |
| | - | 105 | 105 | 105 |
| Total liabilities | - | 202 | 202 | 202 |
| TOTAL EQUITY AND LIABILITIES | -^{*1} | 11,702 | 21,702 | 20,202 |
| Number of shares ('000) | 1 ^{*2} | 115,001 | 155,001 | 155,001 |
| NA (RM'000) | - ^{*1} | 11,500 | 21,500 | 20,000 |
| NA per share (RM) | 0.10 | 0.10 | 0.14 | 0.13 |
| NTA (RM'000) | - ^{*1} | 9,735 | 19,735 | 18,235 |
| NTA per share (RM) | 0.10 | 0.08 | 0.13 | 0.12 |

Notes:-

^{*1} Representing RM100

^{*2} EAH was incorporated on 6 November 2009 with an issued and paid-up share capital of RM100 comprising of 100 shares of RM1.00 each in EAH. On 28 December 2009, our Company undertook a share split of 100 ordinary shares to 1,000 ordinary shares by sub-dividing the par value of its ordinary shares of RM1.00 per share into RM0.10 per share

11.1.3 Cash Flows

The following table sets out a summary of the proforma consolidated cash flow statement of our Group for the FYE 31 December 2009, prepared based on the assumption that our Group has been in existence throughout the financial year under review. The proforma consolidated cash flow statement is presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' Letter together with the notes and assumptions accompanying on the proforma consolidated financial information set out in Section 13 of this Prospectus.

11. FINANCIAL INFORMATION (CONT'D)

| | RM'000 |
|---|---------------------|
| Cash flow from operating activities | |
| PBT | 3,677 |
| Adjustments for:- | |
| Depreciation | 193 |
| Interest income | (4) |
| Operating profit before working capital changes | <u>3,866</u> |
| Increase in inventories | (14) |
| Increase in trade and other receivables | (3,420) |
| Increase in other payables | 66 |
| Cash generated from operations | <u>498</u> |
| Tax paid | (84) |
| Interest received | 4 |
| Net cash generated from operating activities | <u>418</u> |
| Cash flow from investing activities | |
| Purchase of property, plant and equipment | (131) |
| Net cash used in investing activities | <u>(131)</u> |
| Cash flow from financing activities | |
| Proceeds from issuance of shares | 1,900 |
| Net cash from financing activities | <u>1,900</u> |
| Net increase in cash and cash equivalents | 2,187 |
| Cash and cash equivalents at beginning of the year | 441 |
| Cash and cash equivalents at end of the year^{**1} | <u>2,628</u> |

Notes:-

^{**1} Components of cash and cash equivalents at end of the year:-

| | RM'000 |
|------------------------|--------------|
| Cash and bank balances | <u>2,628</u> |

^{**2} The above have been prepared before taking into account the proceeds from the IPO and the proposed utilisation of proceeds

11.2 Capitalisation and Indebtedness

The following table summarises our capitalisation and indebtedness:-

- i. as at 31 December 2009 based on our proforma consolidated financial information after the Acquisitions; and
- ii. as adjusted for the net proceeds arising from the issuance of 40,000,000 new EAH Shares pursuant to our Public Issue as well as the utilisation of proceeds as set out in Section 3.11 of this Prospectus.

11. FINANCIAL INFORMATION (CONT'D)

| | Proforma as at 31 December 2009 after the Acquisitions RM'000 | After the Public Issue and utilisation of proceeds RM'000 |
|--|---|---|
| Indebtedness | - | - |
| Total indebtedness | - | - |
| Capitalisation | | |
| Total shareholders' equity | 11,500 | 20,000 |
| Total capitalisation | 11,500 | 20,000 |
| Total capitalisation and indebtedness | 11,500 | 20,000 |

As at the LPD, we do not have any indirect and contingent liabilities.

11.3 Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects

The following management's discussion and analysis of our financial condition, results of operations and prospects as set out in this Section 11.3 of this Prospectus have been made based on our proforma consolidation financial information for the past three (3) FPE/ FYE 31 December 2009, which have been prepared for illustrative purposes to reflect what our financial position would have been throughout the financial period/ years under review and should be read in conjunction with the Accountants' Report and the Reporting Accountants' Letter together with the notes and assumptions accompanying on the proforma consolidated financial information set out in Sections 12 and 13 of this Prospectus.

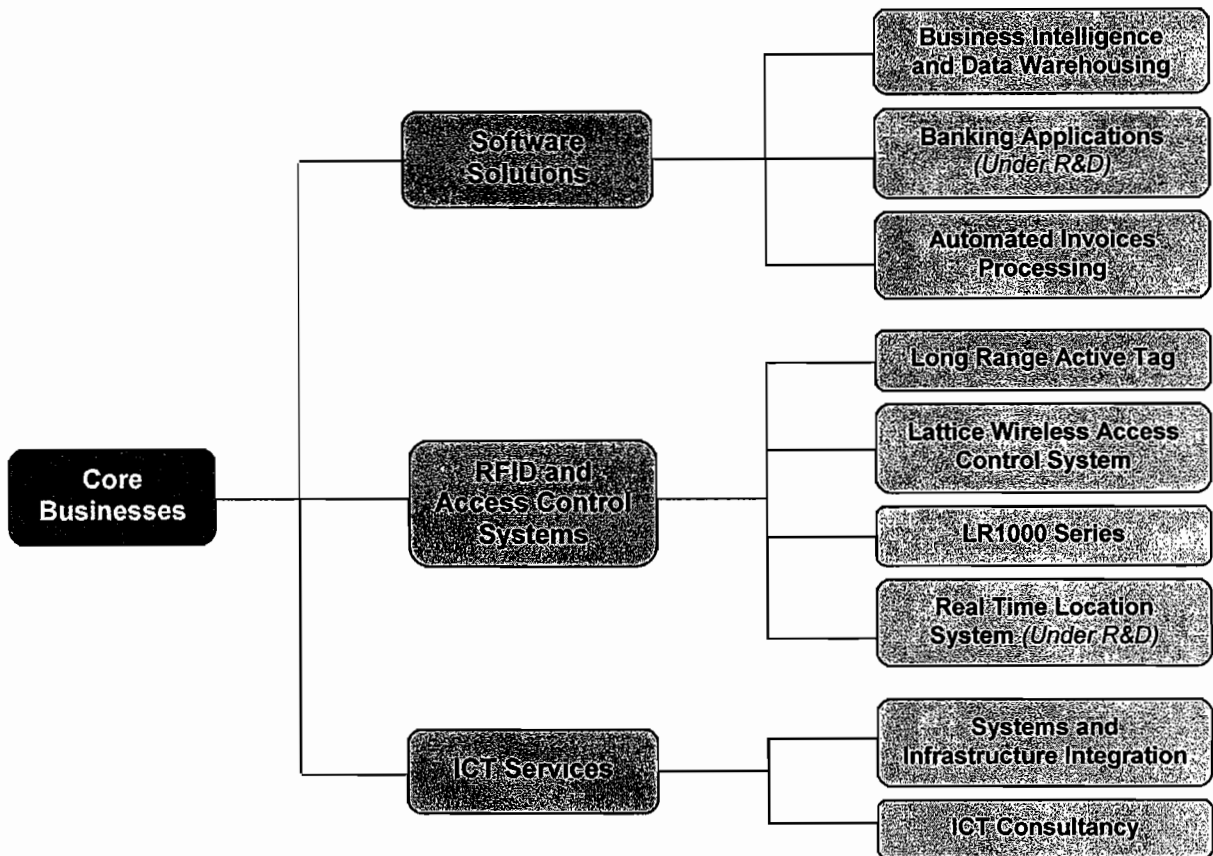
We wish to highlight that the first (1st) financial period for EASS ended on 30 September 2007 (22 September 2006 (date of incorporation) to 30 September 2007) and the subsequent financial year end has been changed to 31 December (the first (1st) financial period after the change will be 15 months from 1 October 2007 to 31 December 2008 in accordance with Section 168(1) of the Act). In order to prepare the proforma consolidated income statements of our Group for the FPE 31 December 2007, the income statement of EASS for the FPE 2007 has been adjusted to 15 months (22 September 2006 (date of incorporation) to 31 December 2007), to include three (3) months from the subsequent financial period ended (1 October 2007 to 31 December 2008) while the income statement for the FPE 2008 has been adjusted to 12 months (1 January 2008 to 31 December 2008) taking into consideration the financial performance of EASS Group.

This discussion and analysis contains data derived from our audited financial statements as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but not limited to, those discussed below and elsewhere in the Prospectus, particularly the risk factors as set out in Section 4 of this Prospectus.

Overview of Our Operations

We are principally involved in the provision of software solutions, RFID and control access systems and ICT services. The areas of which we are involved in are as illustrated below:-

11. FINANCIAL INFORMATION (CONT'D)



The breakdown of our subsidiaries which are providing each of our products and solutions are set out below:-

| | Business Intelligence and Data Warehousing | Banking Applications | Automated Invoices Processing | RFID and Access Control Systems | Systems and Infrastructure Integration ³ | ICT Consultancy ⁴ |
|---------|--|----------------------|-------------------------------|---------------------------------|---|------------------------------|
| EASS | √ ^{*1} | | √ | | √ | √ |
| CSS MSC | √ | √ ^{*2} | | | | √ |
| EA MSC | | | | √ | √ | |

Notes:-

^{*1} EASS provides Data warehousing solutions only

^{*2} The banking applications provided by CSS MSC is currently under R&D. The banking applications is approximately 35% completed and is expected to be rolled out in phases in year 2010 and 2011. Further information on the banking applications are set out in Section 6.2.1 of this Prospectus

^{*3} For systems and infrastructure integration services, EASS provides general ICT systems and infrastructure integration services, which includes Mainframes and data centers/ storage, amongst others, while EA MSC provides Systems integration services which involves integrating its RFID and access control hardware products into functional systems

^{*4} For ICT consultancy services, EASS provides ICT systems consultancy services mainly to the government and GLCs while CSS MSC provides consultancy services mainly to the financial services industry in the areas of Business Intelligence and Data warehousing as well as IT Service Management solutions

11. FINANCIAL INFORMATION (CONT'D)

Further information on our products and services are set out in Section 6.2 of this Prospectus.

Our Group commenced operations in 2005 since the incorporation of CSS MSC where we initially provided Business Intelligence and Data warehousing solutions as well as Systems integration and ICT consultancy in ITSM and business process mainly to the financial services industry. Nevertheless, CSS MSC's products and services can be used by any other organisations, especially where business decision making is critical, and may include organisations in the government, commercial and financial services sectors. Thereafter, EASS was incorporated in 2006 of which we expanded our services to provide automated invoices processing solutions, infrastructure integration services and ICT systems consultancy mainly to the government and GLC markets. In 2008, EA MSC was incorporated to undertake R&D, distribution and sales of our RFID and access control systems which caters to any industry. All our revenues were derived from Malaysia for the past three (3) FPE/ FYE 31 December 2009. Further information on our modes of marketing, distribution and sales channels are set out in Section 6.11 of this Prospectus.

As revenues derived from our software solutions as well as ICT services are mainly project-based which are non-recurring in nature, our emphasis on the growth of our RFID and access control systems segment, which comprised revenues from our sales channels as well as from projects involving systems and integration services, is expected to increase our recurring revenues moving forward.

Review of Our Historical Results

The following information is based on the proforma consolidated results of our Group for the past three (3) FPE/ FYE 31 December 2009 and has been prepared for illustrative purposes only and on the assumption that the current structure of our Group had been in existence throughout the financial period/ years under review.

i. Revenue

For the financial period/ years under review, our revenue is derived from the following products and services:-

Software Solutions**(a) Business Intelligence and Data warehousing solutions**

Revenue derived from Business Intelligence and Data warehousing solutions are mainly derived from companies and financial institutions within the financial services industry. These consist of customisable solutions developed and provided based on our customers' requirements. Depending on the scale of the projects, we may also provide third (3rd) party products, in terms of software and hardware, and services to complement our solutions.

(b) Automated invoices processing solutions

Revenue derived from automated invoices processing solutions consist solely of implementation services performed in collaboration with ReadSoft.

11. FINANCIAL INFORMATION (CONT'D)**ICT Services****(a) System and infrastructure integration**

Revenue derived from system and infrastructure integration comprise of services performed on systems, database and networking facilities as well as the identification of scalable solutions which can be implemented within the framework of our customers' existing IT environment. Depending on the projects' requirements and the various technology platforms used by our customers, our fees may also include the sale of third (3rd) party products and services to our customers to complement our services.

(b) ICT consultancy

Revenue derived from ICT consultancy consists of fees from the provision of ICT systems consultancy, specialising in our key areas of expertise, namely, ICT infrastructure, IT systems management, project management, Mainframe services, IT Service Management solutions and business process consultancy and project and portfolio management system, amongst others.

RFID and Access Control Systems

Revenue from RFID and access control systems comprise mainly of sales of RFID hardware and Systems integration fees from the bundling of RFID solutions and access control systems for our customers. These products will either be sold individually or as a system through any combination of hardware, software and implementation or Systems integration services.

The analysis of our revenue for the financial period/ years under review are as follows:-

Revenue by Subsidiaries

| | ←-----FPE/ FYE 31 December-----> | | | | | |
|---------|----------------------------------|--------------|--------------|--------------|---------------|--------------|
| | 2007 | | 2008 | | 2009 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| EASS | 2,059 | 47.0 | 4,116 | 49.7 | 2,307 | 16.7 |
| CSS MSC | 2,318 | 53.0 | 3,858 | 46.5 | 3,352 | 24.0 |
| EA MSC | - | - | 315 | 3.8 | 8,233 | 59.3 |
| | 4,377 | 100.0 | 8,289 | 100.0 | 13,892 | 100.0 |

Revenue by Products and Services

| | ←-----FPE/ FYE 31 December-----> | | | | | |
|--|----------------------------------|------|--------|------|--------|------|
| | 2007 | | 2008 | | 2009 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| Software Solutions | | | | | | |
| (i) Business Intelligence and Data Warehousing | 595 | 13.6 | 2,064 | 24.9 | 2,305 | 16.6 |

11. FINANCIAL INFORMATION (CONT'D)

| | -----FPE/ FYE 31 December-----> | | | | | |
|--|---------------------------------|--------------|--------------|--------------|---------------|--------------|
| | 2007 | | 2008 | | 2009 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| (ii) Automated Invoices Processing | 10 | 0.2 | 40 | 0.5 | 67 | 0.5 |
| <u>ICT Services</u> | | | | | | |
| (i) Systems and Infrastructure Integration | 1,886 | 43.1 | 3,890 | 46.9 | 8,331 | 60.0 |
| (ii) ICT Consultancy | 1,886 | 43.1 | 1,980 | 23.9 | 1,065 | 7.7 |
| <u>RFID and Access Control System</u> | - | - | 315 | 3.8 | 2,124 | 15.2 |
| | 4,377 | 100.0 | 8,289 | 100.0 | 13,892 | 100.0 |

Revenue by Sectors

| | -----FPE/ FYE 31 December-----> | | | | | |
|----------------------|---------------------------------|--------------|--------------|--------------|---------------|--------------|
| | 2007 | | 2008 | | 2009 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| Government and GLCs | 2,035 | 46.5 | 4,078 | 49.2 | 3,039 | 21.9 |
| Financial services | 730 | 16.7 | 1,272 | 15.3 | 2,305 | 16.6 |
| Others ^{*1} | 1,612 | 36.8 | 2,939 | 35.5 | 8,548 | 61.5 |
| | 4,377 | 100.0 | 8,289 | 100.0 | 13,892 | 100.0 |

Note:-

*1 Others consists of customers in the construction, IT and small and medium enterprises (including resellers for our RFID products) sector, amongst others

Save for our RFID and access control system segment sold mainly to resellers, the revenues generated from our software solutions and ICT services segments are project-based, which are non-recurrent in nature. As a result, the revenue composition for each financial year depends substantially on the availability of IT projects secured and works that are undertaken.

For the FPE 31 December 2007, our revenue had increased by RM1.48 million, representing approximately 50.9% to RM4.38 million as compared to the FPE 31 December 2006 due to the incorporation of EASS which commenced business operations in the same year. Both CSS MSC and EASS contributed almost equally to the overall revenue of our Group. The main revenue contributor during the FPE 31 December 2007 were derived from the systems and infrastructure integration and ICT consultancy segments, which accounted for a combined 86.2% of the total revenue during the financial year. A substantial amount of the ICT consultancy segment revenue were derived from the project implemented with IBM under CSS MSC while EASS' revenues derived during its initial year of operation were from the implementation of projects, amongst others, for a local financial institution and an Islamic Takaful institution, which were mainly under the systems and infrastructure integration segment.

11. FINANCIAL INFORMATION (CONT'D)

For the FYE 31 December 2008, our revenue had increased by RM3.91 million representing approximately 89.3% to RM8.29 million mainly due to EASS' and CSS MSC's contribution of revenues which experienced major growth of 99.9% and 66.4% respectively. The substantial increase in revenues of EASS and CSS MSC, as well as the Business Intelligence and Data warehousing solutions and systems and infrastructure integration segments, were due to the successful completion of projects for a local financial institution, which contributed an aggregate amount of RM4.04 million to our Group's revenue. This was also as a result of aggressive sales and marketing effort by our management to create a branding and market recognition for our Group's product and solutions, which resulted in more projects secured by our Group during the financial year. During the FYE 31 December 2008, our Group expanded further with the incorporation of EA MSC. During the nine (9) months of operation up to 31 December 2008, EA MSC contributed RM0.32 million to our Group's revenue.

For the FYE 31 December 2009, our revenue had increased by RM5.61 million representing approximately 67.6% to RM13.89 million. We believe that there is a growing acceptance of some of our Group's products due to our marketing and growing market demands which contributed to the increase. However, revenue contributions from EASS and CSS MSC decreased during the financial year due to the economic climate during the financial year which had resulted in decreased IT spending and thus reduced IT projects awarded by major corporations and GLCs in EASS' focus markets which are mainly in the ICT consultancy segment.

However, FYE 31 December 2009 also saw the growth potential of EA MSC, whose revenue increased by RM7.92 million from RM0.32 million in its initial year to RM8.23 million during the FYE 31 December 2009. This exceptional growth was achieved as a result of a few high-valued projects that were secured and completed during the financial year, such as projects for a local monetary authority, a local financial institution and a major construction company. The factors that have resulted in the substantial increase in EA MSC's revenue for the FYE 31 December 2009 was due to EA MSC's increased efforts to expand its product offerings based on market feedback received, industry knowledge and its pro-active R&D unit. In addition, our sales and marketing efforts have increased the market presence of EA MSC.

The substantial increase in systems and infrastructure integration services was also mainly contributed from EA MSC's integration services of its RFID and access control systems with its customers' systems. For the FYE 31 December 2009, revenue of EA MSC was derived from systems and infrastructure integration and RFID and access control system segments, which contributed approximately 74.4% and 25.6% respectively. However, the decrease in revenues from the ICT consultancy segment during the FYE 31 December 2009 was mainly due to the lack of new IT projects secured in that segment. On the other hand, our automated invoices processing solution segment is still fairly new but we are actively promoting it to major corporations.

11. FINANCIAL INFORMATION (CONT'D)**ii. Cost of Sales**

Our cost of sales for our software solutions and ICT services comprise of third (3rd) party products and services from technological principals such as IBM, SAS and Microsoft. We purchase these items to be used as a base for our projects to enable us to bundle solutions for our end-customers. The costs of sales involved also includes technical assistance such as, amongst others, support services, installation and implementation services provided by the technological principals to us. Cost of sales for our RFID products mainly comprise of raw materials, finished goods and services procured for the assembly and manufacturing of our RFID products.

The proportion of the third (3rd) party products and services in our cost of sales is dependent on the type and scale of the projects. Generally, software solutions would require a lower proportion of third (3rd) party costs while ICT services, especially system and infrastructure integration would require a higher proportion of third (3rd) party costs. For our RFID and access control systems, we are able to maintain a low cost of sales as most of our products and solutions in relation to this segment are developed in-house.

The analysis of our cost of sales for the financial period/ years under review are as follows:-

Cost of Sales by Subsidiaries

| | -----FPE/ FYE 31 December-----> | | | | | |
|---------|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| | 2007 | | 2008 | | 2009 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| EASS | 1,081 | 42.8 | 3,036 | 49.5 | 1,308 | 16.1 |
| CSS MSC | 1,443 | 57.2 | 2,950 | 48.0 | 677 | 8.3 |
| EA MSC | - | - | 151 | 2.5 | 6,141 | 75.6 |
| | 2,524 | 100.0 | 6,137 | 100.0 | 8,126 | 100.0 |

Cost of Sales by Products and Services

| | -----FPE/ FYE 31 December-----> | | | | | |
|--|---------------------------------|------|--------|------|--------|------|
| | 2007 | | 2008 | | 2009 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| <u>Software Solutions</u> | | | | | | |
| (i) Business Intelligence and Data Warehousing | 81 | 3.2 | 1,700 | 27.7 | - | - |
| (ii) Automated Invoices Processing | - | - | - | - | - | - |
| <u>ICT Services</u> | | | | | | |
| (i) Systems and Infrastructure Integration | 972 | 38.5 | 3,036 | 49.5 | 6,913 | 85.0 |
| (ii) ICT Consultancy | 1471 | 58.3 | 1,250 | 20.3 | 680 | 8.4 |

11. FINANCIAL INFORMATION (CONT'D)

| | ←-----FPE/ FYE 31 December-----→ | | | | | |
|--|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| | 2007 | | 2008 | | 2009 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| <u>RFID and Access Control System</u> | - | - | 151 | 2.5 | 533 | 6.6 |
| | 2,524 | 100.0 | 6,137 | 100.0 | 8,126 | 100.0 |

Cost of Sales by Sectors

| | ←-----FPE/ FYE 31 December-----→ | | | | | |
|----------------------|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| | 2007 | | 2008 | | 2009 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| Government and GLCs | 1,069 | 42.4 | 3,036 | 49.5 | 1,415 | 17.4 |
| Financial services | 89 | 3.5 | 1,000 | 16.3 | - | - |
| Others ^{*1} | 1,366 | 54.1 | 2,101 | 34.2 | 6,711 | 82.6 |
| | 2,524 | 100.0 | 6,137 | 100.0 | 8,126 | 100.0 |

Note:-

*1 Others consists of customers in the construction, IT and small and medium enterprises (including resellers for our RFID products) sector, amongst others

Our cost of sales was RM2.52 million, RM6.14 million and RM8.13 million for the FPE 31 December 2007, FYE 31 December 2008 and FYE 31 December 2009 respectively. The increase is in line with the increase in revenue during the respective financial period/ years under review. Cost of sales constituted approximately 57.7%, 74.0% and 58.5% of our revenues in the FPE 31 December 2007, FYE 31 December 2008 and FYE 31 December 2009 respectively. The substantial increase in percentage during the FYE 31 December 2008 was mainly due to the corresponding increase in revenue generated from the systems and infrastructure integration segment, which tend to have a lower profit margin due to the strong competition in the market. As the revenue contributed from EASS and CSS MSC are mainly project-based, the composition of revenue for each of the financial period/ years under review for our Group is different with each product and/ or services sold or implemented differing in revenues and margins. This resulted in the cost of sales margin to fluctuate not in tandem with the corresponding increase in total revenue for our Group.

11. FINANCIAL INFORMATION (CONT'D)**iii. Gross Profit and Gross Profit Margins**

The analysis of our gross profit contribution and gross profit margins for the financial period/ years under review are as follows:-

Gross Profit by Subsidiaries

| | ←-----FPE/ FYE 31 December-----> | | | | | |
|---------|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| | 2007 | | 2008 | | 2009 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| EASS | 978 | 52.8 | 1,080 | 50.2 | 999 | 17.3 |
| CSS MSC | 875 | 47.2 | 908 | 42.2 | 2,675 | 46.4 |
| EA MSC | - | - | 164 | 7.6 | 2,092 | 36.3 |
| | 1,853 | 100.0 | 2,152 | 100.0 | 5,766 | 100.0 |

Margin

| | | | |
|---------|-------|-------|-------|
| EASS | 47.5% | 26.2% | 43.3% |
| CSS MSC | 37.7% | 23.5% | 79.8% |
| EA MSC | - | 52.1% | 25.4% |

Gross Profit by Products and Services

| | ←-----FPE/ FYE 31 December-----> | | | | | |
|--|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| | 2007 | | 2008 | | 2009 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| <u>Software Solutions</u> | | | | | | |
| (i) Business Intelligence and Data Warehousing | 514 | 27.7 | 364 | 16.9 | 2,305 | 40.0 |
| (ii) Automated Invoices Processing | 10 | 0.5 | 40 | 1.9 | 67 | 1.2 |
| <u>ICT Services</u> | | | | | | |
| (i) Systems and Infrastructure Integration | 914 | 49.4 | 854 | 39.7 | 1,418 | 24.6 |
| (ii) ICT Consultancy | 415 | 22.4 | 730 | 33.9 | 385 | 6.6 |
| <u>RFID and Access Control System</u> | - | - | 164 | 7.6 | 1,591 | 27.6 |
| | 1,853 | 100.0 | 2,152 | 100.0 | 5,766 | 100.0 |

Margin**Software Solutions**

| | | | |
|--|-------|-------|--------|
| (i) Business Intelligence and Data Warehousing | 86.4% | 17.6% | 100.0% |
|--|-------|-------|--------|

11. FINANCIAL INFORMATION (CONT'D)

| | <-----FPE/ FYE 31 December-----> | | | | | |
|--|----------------------------------|--------|--------|--------|--------|--------|
| | 2007 | | 2008 | | 2009 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| (ii) Automated Invoices Processing | | 100.0% | | 100.0% | | 100.0% |
| <u>ICT Services</u> | | | | | | |
| (i) Systems and Infrastructure Integration | | 48.5% | | 22.0% | | 17.0% |
| (ii) ICT Consultancy | | 22.0% | | 36.9% | | 36.2% |
| <u>RFID and Access Control System</u> | | - | | 52.1% | | 74.9% |

Gross Profit by Sectors

| | <-----FPE/ FYE 31 December-----> | | | | | |
|----------------------|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| | 2007 | | 2008 | | 2009 | |
| | RM'000 | % | RM'000 | % | RM'000 | % |
| Government and GLCs | 966 | 52.1 | 1,042 | 48.5 | 1,624 | 28.2 |
| Financial services | 641 | 34.6 | 272 | 12.6 | 2,305 | 40.0 |
| Others ^{*1} | 246 | 13.3 | 838 | 38.9 | 1,837 | 31.8 |
| | 1,853 | 100.0 | 2,152 | 100.0 | 5,766 | 100.0 |

Margin

| | | | |
|----------------------|-------|-------|--------|
| Government and GLCs | 47.5% | 25.6% | 53.4% |
| Financial services | 87.8% | 21.4% | 100.0% |
| Others ^{*1} | 15.3% | 28.5% | 21.5% |

Note:-

^{*1} Others consists of customers in the construction, IT and small and medium enterprises (including resellers for our RFID products) sector, amongst others

As elaborated under the revenue commentary above, composition of revenue for each financial year depends substantially on the availability of projects and works that are undertaken by our focus industries. Similarly, the gross profits generated are mainly dependent on the type of projects implemented in the financial year, as each project differs in terms of scope, length, terms and conditions which will have an affect on our margins. This is especially applicable to the system and infrastructure integration and ICT consultancy segments for the financial period/ years under review.

Our automated invoices processing solutions' deliverables comprised solely of services provided by our own personnel, hence there are no additional cost incurred aside from the staff costs. On the other hand, our gross profit margins for Business Intelligence and Data warehousing segment varies from year to year, depending on the type of services, applications and solutions requirements of the projects undertaken.

11. FINANCIAL INFORMATION (CONT'D)

For the FPE 31 December 2007, our gross profit had increased by RM0.95 million representing approximately 106.2% to RM1.85 million as compared to the FPE 31 December 2006 due to the increase in revenue from our systems and infrastructure integration and ICT consultancy segments as explained in the revenue section above. The major projects undertaken by us during the FPE 31 December 2007 include an ICT consulting project for IBM, security solutions for a data centre project for a leading oil and gas company and several Business Intelligence and Data warehousing projects for local financial institutions.

Our overall gross profit margin for the FPE 31 December 2007 was 42.3% as compared to 31.0% in the FPE 31 December 2006. The higher profit margin was generally attributable to an overall increase in the gross profit of all categories of revenue, which was achieved via more favourable terms and conditions of the projects secured as we were able to quote higher prices to our customers and/ or were able to get more discounts from our suppliers. As our personnel became more efficient and effective in their work, our Group was able to complete our projects ahead of schedule and/ or with less wastage, resulting in higher cost savings.

For the FYE 31 December 2008, our gross profit had increased by RM0.30 million or 16.1% to RM2.15 million as compared to the FPE 31 December 2007 due to the increase in revenue as a result of the successful completion of projects with a local financial institution by EASS and CSS MSC, as explained in the revenue section above. Amongst the revenue segment for the current FYE 31 December 2008, ICT consultancy segment recorded an increase in the nominal amount and gross profit margin, which was attributable to better personnel performance and cost savings. The major projects undertaken by us during the FYE 31 December 2008 include a disaster recovery management project and project management for a local financial institution and an ICT consulting project for IBM.

Our overall gross profit margin for the FYE 31 December 2008 was 26.0% as compared to 42.3% in the FPE 31 December 2007. The lower profit margin was attributed to the less favourable terms and conditions obtained for the projects in the FYE December 2008 as compared to the previous financial year due to stiffer competition in the market. In addition, several projects implemented during the financial year required extensive third (3rd) party hardware and support, which had a further impact on our gross profit margins particularly in the Business Intelligence and Data warehousing and systems and infrastructure integration segments. EA MSC's profit margin was also slightly below our expected range as EA MSC embarked on an aggressive marketing campaign to penetrate the market during its first year of operation. Aggressive marketing campaign would entail offering larger discounts, free demo sets (for our RFID and access control systems) and others, of which would have a direct impact on EA MSC's gross profit.

For the FYE 31 December 2009, our gross profit had increased by RM3.61 million, representing approximately 167.9% as compared to the FYE 31 December 2008. This is in line with the exceptional growth in our revenue for the same financial year. The major projects undertaken by us during the FYE 31 December 2009 include a Systems integration project for our RFID and access control systems for a major construction company, Systems integration for a human resource system for another party and a Business Intelligence project for a local monetary authority.

11. FINANCIAL INFORMATION (CONT'D)

Our overall gross profit margin was 41.5% for the FYE 31 December 2009 as compared to 26.0% in the FYE 31 December 2008. The increase is attributable to the revenue composition achieved during the financial year, whereby a higher portion of our revenue were derived from Business Intelligence and Data warehousing solutions and RFID and access control system segments which in turn contributed to our systems and infrastructure integration segment. For the FYE 31 December 2009, there was no direct cost under our Business Intelligence and Data warehousing segment as our Group has built up sufficient level of expertise and personnel to undertake all the projects internally. As for our RFID and access control system segment, our higher profit margin, which increased by 22.8% from 52.1% to 74.9%, was due to better economies of scale achieved as we managed to secure and implement a few projects during the financial year. In addition, the overall gross profit margin of EA MSC decreased by 26.7% from 52.1% to 25.4% due to the implementation of system and infrastructure integration services to integrate its RFID and access control systems for customers, which have a lower profit margin and subsequently contributed to the overall decrease in EA MSC's gross profit margin.

iv. Other Operating Income

We recorded other operating income of approximately RM0.59 million, RM2.16 million and RM0.95 million for the FPE 31 December 2007, FYE 31 December 2008 and FYE 31 December 2009 respectively. For the FPE 31 December 2007, our other operating income mainly consists of interest income amounting to RM1,284 and gains from foreign exchange amounting to RM55,793. The gains from foreign exchange was as a result of a one-time project implemented which was denominated in Euro, which had since been completed during the FYE 31 December 2009.

During the FYE 31 December 2008, we were awarded a RM1.20 million government agency grant, of which RM0.30 million was disbursed and recognised during the financial year. In addition, we gained RM1.70 million from a one-off transaction from the sale of the programming source code for our Business Intelligence and Data warehousing solutions to a third (3rd) party vendor, whereby we also provided our expertise for implementation of the programmes as the third (3rd) party vendor does not possess such expertise. These events have resulted in the substantial increase in other operating income during the financial year.

During the FYE 31 December 2009, our other operating income mainly comprised of the balance of the government agency grant amounting to RM0.90 million.

The government agency grant totaling RM1.20 million was not considered as an exceptional or extraordinary item during the financial period/ years under review as the grant was a reimbursement of costs for the R&D expenditure incurred by EA MSC for the development of its Real Time Location System project. The sale of source code by CSS MSC to a third (3rd) party vendor is not classified as revenue, exceptional or extraordinary item as the transaction was in the ordinary course of business but not a principal activity of our Group and not frequent in nature. Our Group may sell our source code for any software development to our customer upon request. Hence, the amounts were disclosed as other operating income in the proforma consolidated financial statements of our Group and is in compliance with Financial Reporting Standards ("FRS") 101: Presentation of Financial Statements.

11. FINANCIAL INFORMATION (CONT'D)**v. Operating Expenses**

Our operating expenses for the FPE 31 December 2007, FYE 31 December 2008 and FYE 31 December 2009 are as follows:-

| | <-----FPE/ FYE 31 December-----> | | |
|---------------------------|----------------------------------|--------------|--------------|
| | 2007 | 2008 | 2009 |
| | RM'000 | RM'000 | RM'000 |
| Staff costs | 1,044 | 1,561 | 2,196 |
| Other operating expenses | 652 | 726 | 843 |
| Operating expenses | 1,696 | 2,287 | 3,039 |

For the FPE 31 December 2007 to FYE 31 December 2009, our operating expenses had increased as our Group expanded via the commencement of operations of EA MSC in 2008 and further expansion of EASS, thereby increasing our staff costs and other operating expenses to facilitate our growth. During the financial period/ years under review, we have recruited new and suitably experienced and qualified personnel that would add value to our growth.

As tabled above, our operating expenses are separated into two categories, namely staff costs, which comprised of all staff related expenses such as salaries, Employees Provident Fund and Social Security Organisation expenses, and other operating expenses, which comprised of administrative expenses such as depreciation, rental, travelling, printing and stationery and others.

Our Board is of the view that the current disclosure represents a more efficient manner to disclose our staff costs. This is because the process to allocate certain portions of our staff costs to the cost of sales would be arbitrary as a personnel assigned to undertake a particular project is also assigned to other tasks such as marketing and R&D simultaneously, where these tasks may not be directly linked to a particular project. Hence, any attempt to allocate the cost between cost of sales and other labour cost may not reflect the actual situation.

Further, it should be noted that our Group is considered a small and medium enterprise/ set-up, hence the personnel are more multitasked in terms of job functions as compared to larger ICT players where the personnel are more streamlined in terms of job functions. The presentation of the financial statements of our Group is in compliance with applicable accounting standards, which is the FRS 101: Presentation of Financial Statements.

As we are operating in a knowledge-based industry, a significant portion of our costs comprised of staff costs, which constituted approximately 61.6%, 68.3% and 72.3% of our total operating expenses for the FPE 31 December 2007, FYE 31 December 2008 and FYE 31 December 2009 respectively.

Our staff costs have increased by 49.5% from the FPE 31 December 2007 to the FYE 31 December 2008 and by 40.7% from the FYE 31 December 2008 to FYE 31 December 2009. The increase is due to our need to sustain and grow our Group. Hence, we have increased our investment in our main resources, namely human capital. Since our humble beginnings of our organisation with only six (6) employees, our Group has presently expanded to become an organisation with more than 50 employees.

11. FINANCIAL INFORMATION (CONT'D)

In addition, the increase in other operating expenses is in line with our increase in revenues for the FPE 31 December 2007, FYE 31 December 2008 and FYE 31 December 2009.

vi. PBT

We recorded a PBT of RM0.22 million, RM2.02 million and RM3.68 million for the FPE 31 December 2007, FYE 31 December 2008 and FYE 31 December 2009 respectively.

For the FPE 31 December 2007, our PBT had increased by RM0.11 million representing a growth rate of approximately 109.7% from the FPE 31 December 2006. This was as a result of the increase in gross profit as elaborated in the revenue section above and due to the contribution from EASS which commenced its business operations in 2007.

For the FYE 31 December 2008, our PBT had increased by RM1.81 million, from the FPE 31 December 2007. The increase in revenue, gross profit and PBT of our Group signified the growing acceptance and market presence of our Group's product and solutions. The substantial increase was a result of the aggressive sales and marketing effort by our management to create a branding and market recognition for our Group's product and solutions, which resulted in more projects secured by our Group during the financial year. As a major portion of our revenue generated during the FYE 31 December 2008 were project-based, the margins for each project varied depending on the nature of the project. Certain projects secured by our Group had lower profit margins which resulted in the lower overall gross profit margin of the Group during the financial year. In addition, our other operating income amounting to a total of RM2.16 million also significantly contributed to our PBT.

For the FYE 31 December 2009, our PBT had increased by RM1.66 million, representing a growth rate of approximately 82.0% from the FYE 31 December 2008. The increase was as a result of the successful completion of several projects under EA MSC and the better economies of scale achieved in addition to the elaboration in the revenue section above.

vii. Taxation

We recorded effective tax rates of 23.2%, 3.8% and 1.0% for the FPE 31 December 2007, FYE 31 December 2008 and FYE 31 December 2009 respectively. For the FPE 31 December 2007 to FYE 31 December 2009, the applicable statutory tax rate is 20% for companies with a paid-up share capital below RM2.50 million.

For the FPE 31 December 2007, our effective tax rate is higher than the applicable statutory tax rate due to the provision for deferred tax arising from the temporary difference between depreciation and capital allowance for assets purchased during the financial year.

For the FYE 31 December 2008, EA MSC was granted MSC status on 15 May 2008, which entitled a 100.0% income tax exemption on profits generated from MSC-qualifying activities for a five (5) year period commencing from 15 May 2008. This five (5) years period may be renewable upon formal application to the MDeC before the expiry date. In addition, the other operating income of RM0.30 million and RM1.70 million recorded by EA MSC and CSS MSC respectively are not subject to tax. These factors have led to the lowering of our effective tax rate during the financial year.

11. FINANCIAL INFORMATION (CONT'D)

For the FYE 31 December 2009, in addition to EA MSC which was granted MSC status on 15 May 2008, CSS MSC also obtained its MSC status on 2 July 2009. This has further led to the lower effective tax rate for our entire Group.

11.3.1 Factors and Trends Affecting Future Financial Condition and Results

Our Group's financial condition and results of operations have been, and will continue to be affected by, amongst others, the following key factors:-

- i. Demand and supply conditions for our products and services as set out in Section 7.7 of this Prospectus;
- ii. The number of projects awarded by the government, GLCs, financial institutions and other corporations, in view of the current economic climate. However, the growth and recovery of the ICT industry in Malaysia as well as the future growth of the ICT industry, as set out in Sections 7.3 and 7.4 of this Prospectus, is expected to benefit our operations and profitability;
- iii. Our ability to maintain our MOF Bumiputera contractor status, which will in turn affect our ability to secure certain projects from the government and GLC markets; and
- iv. Our ability to maintain our MSC status, which will in turn affect our tax considerations.

After taking into consideration the above factors, risk factors relating to our business, industry and our ability to mitigate such risk factors as set out in Section 4 of this Prospectus and our competitive strengths and advantages set out in Section 6.4 of this Prospectus, our future financial condition and results will remain profitable.

11.3.2 Impact of Foreign Exchange/ Interest Rates/ Commodity Prices on Operating Profits

We have business transactions in foreign currencies in the normal course of our business, which includes the procurement of technical expertise and purchases of raw materials. Fluctuations in the price of technical expertise and raw materials can be passed on to our customers thus ensuring that we are not materially affected by fluctuations in prices of raw materials and supplies.

There is no material impact of foreign exchange, interest rates and commodity prices on our historical profits for the past three (3) FPE/ FYE 31 December 2009.

11.3.3 Impact of Inflation

There is no material impact of inflation on our historical profits for the past three (3) FPE/ FYE 31 December 2009.

11.3.4 Government/ Economic/ Fiscal or Monetary Policies

Risks relating to government, economic, fiscal or monetary policies or factors, which may materially affect our operations, is as set out in Section 4.4.1 of this Prospectus.

11. FINANCIAL INFORMATION (CONT'D)

There is no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the past three (3) FPE/ FYE 31 December 2009.

11.4 Liquidity and Capital Resources

11.4.1 Working Capital

Our Group has been financing our operations through cash generated from our operations and external sources of funds. Our Group's external source of funds mainly comprises of shareholders' equity. The principal uses of these funds are for working capital requirements such as payment of inventories and trade payables as well as financing of trade receivables balances and operating expenses.

Our Directors are of the opinion that, after taking into consideration the cash flow position and the net proceeds from the Public Issue, our Company will have adequate working capital for a period of 12 months from the date of this Prospectus.

11.4.2 Cash Flow

A summary of our Group's proforma cash flow statement for the FYE 31 December 2009 based on the proforma consolidated cash flow statement as disclosed in Section 13 of this Prospectus is set out below:-

| Cash Flow | FYE 31 December 2009 RM'000 |
|--|-----------------------------------|
| Net cash generated from operating activities | 418 |
| Net cash used in investing activities | (131) |
| Net cash from financing activities | 1,900 |
| Net increase in cash and cash equivalents | 2,187 |
| Cash and cash equivalents at the beginning of the year | 441 |
| Cash and cash equivalents at end of the year | 2,628 |

There are no legal or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends and/ or loan or advances.

Net Cash Generated From Operating Activities

For the FYE 31 December 2009, the amount generated from operations but before working capital changes was RM3.87 million. However, during the same year, we had used RM3.37 million to finance our working capital and RM0.08 million mainly to pay our income tax liabilities. Funds used to finance our working capital include:-

11. FINANCIAL INFORMATION (CONT'D)

- i. an amount of RM3.42 million used to finance the increase in trade and other receivables due from contract customers. Such increase was mainly attributable to an extension of credit period granted to some contract customers and the significant increase in billings in the last four (4) months of FYE 31 December 2009 due to the recovery in the economy and subsequently our business. Trade receivables are monitored by our management and as at the LPD, a total amount of RM2.41 million has been collected from the debts due to our Group as at 31 December 2009; and
- ii. An amount of RM0.01 million used to finance the increase in inventories which in turn was due to buying and storing of materials for use in our future contracts.

Our Group actively manages our operating cash flows and the availability of funding to ensure that all repayment and funding needs are met. Other than the funds generated from our operations, funds used in our Group's operating activities during the financial year was also sourced from the amount of cash and cash equivalents at the beginning of the financial year.

Net Cash Used in Investing Activities

For the FYE 31 December 2009, the net cash used in investing activities of RM0.13 million was due to capital expenditure incurred arising from purchase of property, plant and equipment which include laptops and computers.

Net Cash From Financing Activities

For the FYE 31 December 2009, the net cash from financing activities of RM1.90 million was due to the proceeds from issuance of 1.90 million new ordinary shares at par from a subsidiary, namely CSS MSC to the existing shareholders of CSS MSC to finance its working capital.

11.4.3 Borrowings

As at 31 December 2009, our Group does not have any outstanding bank borrowings.

To the best knowledge of our Directors, as at 31 December 2009, our Group is not in breach of any terms and conditions or covenants associated with any credit arrangements or bank loans, which can materially affect our financial results or business operations, or the investments by holders of securities in our Company.

11.4.4 Type of Financial Instruments Used

For the FYE 31 December 2009, we do not have any financial instruments nor are we using any financial instruments for hedging purposes.

11.4.5 Treasury Policies and Objectives

We have been financing our operations through cash generated from our operations, share capital, retained profits, credit terms of our suppliers and external sources of funds. Our external sources of funds comprise of shareholders' equity.

11. FINANCIAL INFORMATION (CONT'D)

The principal uses of these resources are for the purchase of raw materials and to defray operating expenses as well as other expenses such as to finance capital expenditure and extending trade credits to our customers, if any.

All our sales and purchases are mostly denominated in RM, save for a small quantum of our raw materials and equipment which are imported and are denominated in USD, and as such, the foreign exchange exposure of our Group is not significant. Fluctuations in the price of technical expertise and raw materials can be passed on to our customers thus ensuring that we are not materially affected by fluctuations in prices of raw materials and supplies. Accordingly, we do not have any hedging policies nor have we entered into any forward contracts in respect of our foreign exchange exposure.

11.4.6 Material Commitment

As at the LPD, our Directors are not aware of any material commitments for capital expenditure, which upon becoming enforceable may have a material effect on the financial position of our Group.

11.4.7 Material Litigation

As at the LPD, our Company is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on our Company's financial position. Our Directors have no knowledge of any proceedings pending or threatened against our Company or of any fact likely to give rise to any proceeding which might materially and adversely affect our financial position and business.

11.4.8 Contingent Liabilities

As at the LPD, our Directors are not aware of any contingent liabilities which, upon becoming enforceable might materially and adversely affect our financial position and business.

11.4.9 Key Financial Ratios

The key financial ratios of our Group for the past three (3) FPE/ FYE 31 December 2009 have been prepared for illustrative purposes only based on our audited financial statements and on the assumption that the current structure of our Group has been in existence throughout the financial period/ years under review.

The trade receivables, trade payables and inventories of EAH Group ("Balance Sheet Items") for the FPE 31 December 2007 and FYE 31 December 2008 has been adjusted based on the adjustments made to prepare the proforma consolidated income statements of EAH. For the FPE 31 December 2007, the Balance Sheet Items of EASS for the FPE 2007 has been adjusted to 15 months (22 September 2006 (date of incorporation) to 31 December 2007), to include three (3) months from the subsequent financial period ended (1 October 2007 to 31 December 2008) while the balance sheet for the FPE 2008 has been adjusted to 12 months (1 January 2008 to 31 December 2008).

11. FINANCIAL INFORMATION (CONT'D)

The key financial ratios of our Group are as set out below:-

| | <-----FPE/ FYE 31 December-----> | | |
|---|----------------------------------|------|------|
| | 2007 | 2008 | 2009 |
| Trade receivables turnover period ¹ (days) | 62 | 90 | 107 |
| Trade payables turnover period ² (days) | 85 | 28 | - |
| Inventories turnover period ³ (days) | - | 7 | 11 |

Notes:-

| | | | |
|--------------|--|---|----------|
| ¹ | $\frac{(\text{Trade receivables at beginning} + \text{trade receivables at end}) / 2}{\text{Revenue}}$ | x | 365 days |
| ² | $\frac{(\text{Trade payables at beginning} + \text{trade payables at end}) / 2}{\text{Purchases}}$ | x | 365 days |
| ³ | $\frac{(\text{Inventories at beginning} + \text{inventories at end}) / 2}{\text{Purchases}}$ | x | 365 days |

Trade receivables turnover

Our Group's normal credit period given to our trade debtors ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis after taking into consideration, *inter-alia*, the background and credit-worthiness of the customer, payment history of the customer, our relationship with the customer and the scope of the project.

Our Group's trade receivables turnover period has been increasing for the past three (3) FPE/ FYE 31 December 2009, mainly attributable to the nature of our business. In addition, we have extended credit periods to our customers in order to improve our competitiveness in light of the stiffer competition faced in the ICT industry, particularly during the recent economic downturn. Nevertheless, we have not experienced any significant allowances for impairment of trade receivables or debts written off as all the trade receivables are within the normal credit period and extended credit period granted. In addition, the last four (4) months of FYE 31 December 2009 recorded higher revenues which had resulted in higher trade receivables.

Our customers which consist of GLCs and financial institutions were generally given extended credit periods due to their creditworthiness and our close relationship with them. In addition, the extended credit period were granted to these customers to ensure the competitiveness of our Group in securing additional projects from these customers in the future.

For our resellers, our Group has adopted the normal credit period of 0 to 90 days and the net amount of trade receivables owing fall within their normal credit period, save for a small proportion of the resellers which were granted extended credit period.

Based on the justifications above, our Directors are of the view that the collection of the amount of trade receivables owing by our trade debtors are fully recoverable. In addition, our Directors are of the view that the increase in trade receivables turnover period is manageable and will consistently monitor and review our credit policies.

11. FINANCIAL INFORMATION (CONT'D)

The aging analysis of the trade receivables of our Group as at 31 December 2009 and the subsequent collections and balance of trade receivables as at the LPD are set out below:-

| Credit Period | Within normal credit period | | | Within extended credit period | | Exceeded extended credit period | Total RM'000 |
|---------------------------------|-----------------------------|--------------|--------------|-------------------------------|------------------------|---------------------------------|--------------|
| | 0 – 30 days | 31 – 60 days | 61 – 90 days | Less than six (6) months | Less than one (1) year | More than one (1) year | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| As at 31 December 2009:- | | | | | | | |
| Trade receivables | 264 | 385 | 29 | 4,053 | 573 | - | 5,304 |
| % of total trade receivables | 5.0 | 7.3 | 0.5 | 76.4 | 10.8 | - | 100.0 |
| As at the LPD:- | | | | | | | |
| Subsequent collections | (48) | (339) | (9) | (2,016) | - | - | (2,412) |
| Net of trade receivables | 216 | 46 | 20 | 2,037 | 573 | - | 2,892 |
| % of total trade receivables | 7.5 | 1.6 | 0.7 | 70.4 | 19.8 | - | 100.0 |

Further, the analysis of the net trade receivables of our Group as at the LPD by categories of customers are set out below:-

| Credit Period | Within normal credit period | | | Within extended credit period | | Exceeded extended credit period | Total RM'000 |
|--|-----------------------------|--------------|--------------|-------------------------------|------------------------|---------------------------------|--------------|
| | 0 – 30 days | 31 – 60 days | 61 – 90 days | Less than six (6) months | Less than one (1) year | More than one (1) year | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Net trade receivables as at the LPD | 216 | 46 | 20 | 2,037 | 573 | - | 2,892 |
| GLCs | 8 | - | 6 | 1,415 | 573 | - | 2,002 |
| Financial institutions | - | - | - | 612 | - | - | 612 |
| Resellers (RFID) | 208 | 46 | 14 | 10 | - | - | 278 |

As at the LPD, 45.5% or RM2.41 million of the total trade receivables for the FYE 31 December 2009 has been subsequently collected. Out of the amounts collected, RM20,500 were collected from GLCs, RM739,046 from financial institutions, RM1,156,766 from retail and RM494,680 from resellers.

11. FINANCIAL INFORMATION (CONT'D)

Trade payables turnover

The normal credit terms granted to us by our trade suppliers ranges from 30 to 90 days. In order to enjoy the trade discounts for early repayment and to maintain good relationships with our trade suppliers, we consistently pay our suppliers promptly and maintain a low liability exposure.

As at 31 December 2009, our Group has no amount owing to trade payables.

Inventories turnover

Our inventories consist of finished, semi-finished and raw materials produced and used for our RFID and access control systems. These items comprise of electronic items such as RFID tags, controllers, liquid crystal display screen, diodes, capacitors and others. Our inventory turnover cycle is short as we practice keeping low stock levels. The short lead time arrangement with our suppliers enables us to purchase the raw materials based on the confirmed sales quantity.

We are of the view that there are no material slow-moving or obsolete inventories as at the FYE 31 December 2009.

11.5 State of Our Order Book

As our Group is primarily project-based, our future profitability is dependent on the number of projects and value of the projects secured. Over the past three (3) years, we have been able to secure notable projects from reputable GLCs and other large corporations locally.

Our sales cycle generally takes a longer period from the time of proposing or designing a solution for our clients, to the implementation phase. This could take approximately three (3) to six (6) months, and in some instances, it could take a longer period of more than one (1) year depending on the size of the organisation and complexity of the projects. Generally, our software solutions and ICT services typically takes three (3) to six (6) months while our RFID and access control system typically takes two (2) weeks to six (6) months, depending on the size of the order and project scope, amongst others.

Revenue is recognised based on invoices issued. Invoices will generally be issued upon completion of the projects/ delivery of products or, if the project is expected to span over a longer period, invoices will be issued based upon stages or phases completed.

Over the years, we have been able to secure projects from GLCs, financial institutions and other enterprises. Going forward, we are confident we will continue to secure more projects especially in the banking and financial institutions industry where we are expecting growing demand for business intelligence and Data warehousing solutions.

Notwithstanding our primarily project-based segments, we have also launched our RFID products which is expected to generate recurring revenues. As we grow our RFID and access control systems segment, which have shorter sales cycle as compared to our project-based segments, we believe our Group will be able to achieve a balanced and diversified business model portfolio.

We have participated in bids for a total of 20 projects valued at approximately RM39.97 million collectively, of which six (6) projects valued at approximately RM6.04 million have been secured as at the LPD.

11. FINANCIAL INFORMATION (CONT'D)

11.6 Trend Information

Based on our segmental analysis of revenue and profitability by our business activities, the state of our order book and our overview of operations for the past three (3) FPE/ FYE 31 December 2009, we anticipate the following trends:-

- i. We expect our Group's financial position and performance to remain sustainable, taking into consideration the projects we participated in bids and our current pipeline of projects.
- ii. The recent economic downturn had affected the number of ICT projects awarded by the government, GLCs and other corporations due to the limited budget allocated. However, we expect to secure more ICT contracts based on the improving economic condition. The recovery in the economy and ICT industry is expected to benefit our operations and our profitability moving forward.
- iii. Our Group competes directly with other local ICT providers. Due to the competitive nature of our industry, our pricing and profitability may be affected. However, our revenues are mainly project-based where our pricing is based on a tender basis. Our dependency is mitigated as apart from pricing, there are other factors that determine the success of an ICT project tender, namely technical expertise, domain knowledge and track record. We believe that we are able to secure more ICT projects at competitive prices as we possess the capabilities in the factors mentioned. In addition, local competition in the RFID and access control system segment is low as there are only a few players locally.
- iv. We do not expect any material fluctuations in the prices of our raw materials and inputs as we are not dependent on any single supplier. This is due to the consistent availability of supply of hardware, software and electronic components for our RFID products in the market. Although we are dependent on our human capital resources for the implementation of our ICT projects in Business Intelligence and Data warehousing solutions, banking solutions, systems and infrastructure integration services and ICT services, we do not expect the costs of labour to materially affect our profitability as we have a pass through mechanism of costs to our customers.
- v. Our profitability is expected to improve taking into account the tax incentives we presently enjoy pursuant to the MSC status granted to EA MSC and CSS MSC.

In addition to the above and barring any unforeseen circumstances, our Board is not aware of any circumstances which would result in a significant decline in our revenue and gross profit margins.

Information on our Group's business and financial prospects, significant trends in sales, production and costs are set out in this section and Sections 4, 5 and 6 of this Prospectus. Discussion on the overview of the ICT Industry, its prospects and outlook are further elaborated in Section 7 of this Prospectus.

Given the outlook of the ICT Industry as set out in Section 7.3 of this Prospectus, our Group's competitive strengths and advantages as set out in Section 6.4 of this Prospectus and our future plans and strategies as set out in Section 7.10 of this Prospectus, our Board is optimistic about the future prospects of our Group.

11. FINANCIAL INFORMATION (CONT'D)

11.7 Directors' Declaration on Financial Performance

As at the LPD, to the best knowledge and belief of our Directors, our operations have not been and are not expected to be affected by any of the following:-

- i. known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have a material favourable or unfavourable impact on our financial performance, position and operations other than those discussed in this section and in Sections 4 and 6 of this Prospectus;
- ii. material commitment for capital expenditure save as disclosed in Section 11.4.6 of this Prospectus;
- iii. unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations save as disclosed in this section and in Section 4 of this Prospectus;
- iv. known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our revenue and/ or profits save for those that have been disclosed in this section, industry overview as set out in Section 7 of this Prospectus and future plans and strategies as set out in Section 7.10 of this Prospectus;
- v. known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and in Section 4 of this Prospectus; and
- vi. known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our liquidity and capital resources, other than those discussed in this section and in Section 4 of this Prospectus.

11.8 Dividend Policy

Presently, we do not have a fixed dividend policy. The declaration of interim dividends and the recommendation of any final dividends are subject to the discretion of our Board and any final dividend for the year is subject to our shareholders' approval. It is our intention to pay dividends to shareholders in the future. However, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial conditions and any other factors considered relevant by our Board.

Actual dividends proposed and declared may vary depending on the financial performance and cashflow of our Group, and may be waived if the payment of the dividends would adversely affect the cashflow and operations of our Group.

12. ACCOUNTANTS' REPORT

CHONG & CO. (AF-0524)

Chartered Accountants (M)

18 May 2010

The Board of Directors
EA Holdings Berhad
Unit J-3A-7 & J-3A-8
Level 3A, Block J
Solaris, Mont Kiara 2
50480 Kuala Lumpur

Dear Sirs

EA HOLDINGS BERHAD ("EAH" or the "Company")
ACCOUNTANTS REPORT

1. INTRODUCTION

This report has been prepared by Chong & Co., an approved company auditor, for inclusion in the Prospectus of EAH to be dated 28 June 2010 in connection with the listing of and quotation for the entire issued and paid-up share capital of EAH on the ACE Market of Bursa Malaysia Securities Berhad.

2. ABBREVIATIONS

Unless the context otherwise requires, the following definitions shall apply throughout this report:-

| | |
|----------|---|
| Act | Companies Act, 1965 |
| CSS MSC | CSS MSC Sdn Bhd (formerly known as Concorde Solutions & Services Sdn Bhd) |
| EAH | EA Holdings Berhad |
| EA MSC | EA MSC Sdn Bhd |
| EASS | EASS Sdn Bhd (formerly known as Excellent Affair Sdn Bhd) |
| FRS | Financial Reporting Standards |
| FY/ FP | Financial year/ Financial period |
| FYE/ FPE | Financial year ended/ Financial period ended |
| MASB | Malaysian Accounting Standards Board |

3. RESTRUCTURING AND LISTING SCHEME

In conjunction with, and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of EAH on the ACE Market of Bursa Malaysia Securities Berhad, the Company had implemented a restructuring exercise, involving the following:-

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****3.1 Share Split**

EAH had, on 28 December 2009 undertook a share split of 100 ordinary shares to 1,000 ordinary shares by sub-dividing the par value of its ordinary shares of RM1.00 per share into RM0.10 per share.

Upon completion of the sub-division of the shares, the issued and paid-up share capital of EAH became RM100 comprising of 1,000 ordinary shares of RM0.10 each in EAH ("EAH Shares" or "Shares").

3.2 Acquisition

EAH had, on 8 February 2010 entered into a sale and purchase of shares agreement with the vendors of EASS for the acquisition of 2,000,000 ordinary shares of RM1.00 each in EASS, representing 100% of the issued and paid-up share capital of EASS, for a purchase consideration of RM5,500,000, which is to be satisfied by the issuance of 55,000,000 new EAH Shares at par to the respective vendors of EASS ("Acquisition of EASS").

The Company had also, on 8 February 2010 entered into a sale and purchase of shares agreement with the vendors of CSS MSC for the acquisition of 2,000,000 ordinary shares of RM1.00 each in CSS MSC, representing 100% of the issued and paid-up share capital of CSS MSC for a purchase consideration of RM6,000,000, which is to be satisfied by the issuance of 60,000,000 new EAH Shares at par to the respective vendors of CSS MSC ("Acquisition of CSS MSC").

The total Purchase Considerations of RM11,500,000 for the Acquisition of EASS and Acquisition of CSS MSC ("Acquisitions") were arrived at on a willing-buyer willing-seller basis based on the audited net assets of EASS Group and CSS MSC as at 31 December 2009 of RM4,485,508 and RM5,247,549 respectively.

Upon completion of the Acquisitions, the issued and paid-up share capital of EAH will increase from RM100 comprising 1,000 EAH Shares to RM11,500,100 comprising 115,001,000 EAH Shares.

The total of 115,000,000 new EAH Shares issued pursuant to the Acquisition of EASS and Acquisition of CSS MSC rank *pari passu* in all aspect with the existing EAH Shares and carry all rights to receive, in full, all dividends and all distributions declared and paid subsequently to the allotment thereof.

3.3 Public Issue

Upon completion of the Acquisitions, EAH will undertake a public issue of 40,000,000 new EAH Shares ("Issue Shares"), representing approximately 25.81% of the enlarged issued and paid-up share capital of EAH, at an issue price to be determined later per Issue Share to be allocated in the following manner:-

- i. 2,000,000 Issue Shares will be made available for application by the Malaysian Public;
- ii. 7,000,000 Issue Shares will be made available for application by the eligible Directors and employees of the Group; and
- iii. 31,000,000 Issue Shares will be made available for application by way of placement to identified investors.

The Issue Shares will rank *pari passu* in all aspects with the existing EAH Shares, except that the new EAH Shares will not be entitled to any dividends, rights, allotment or other distribution, the entitlements of which is prior to the date of allotment of the said EAH Shares.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

Upon completion of the Public Issue, the issued and paid-up share capital of EAH will increase from RM11,500,100 comprising 115,001,000 EAH Shares to RM15,500,100 comprising 155,001,000 EAH Shares.

3.4 Offer for Sale

Mohammad Sobri Bin Saad and Norazian Binti Abdul Kudus, collectively will offer for sale 18,000,000 EAH Shares ("Offer Shares"), representing 11.61% of the enlarged issued and paid-up share capital of EAH, at an offer price to be determined later per Offer Share to identified investors by way of private placement.

3.5 Listing

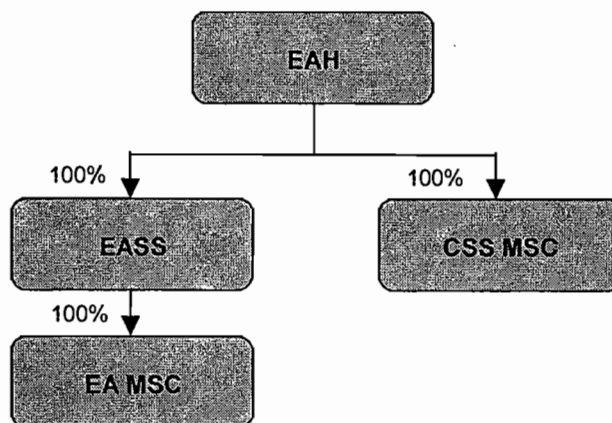
Upon completion of the Acquisitions, Public Issue and Offer for Sale, EAH will seek a listing of and quotation for its entire enlarged issued and paid-up share capital of RM15,500,100 comprising 155,001,000 EAH Shares on the ACE Market of Bursa Malaysia Securities Berhad.

4. GENERAL INFORMATION**4.1 Background**

EAH was incorporated in Malaysia on 6 November 2009 under the Act as a private limited company under the name of EA Holdings Sdn Bhd with an issued and paid-up share capital of RM100 comprising of 100 ordinary shares of RM1.00 each. On 19 February 2010, EA Holdings Sdn Bhd was converted into a public limited company and assumed its present name. EAH was incorporated as an investment holding company and provider of management and consultancy services to facilitate the Listing and commenced operations through the acquisition of EASS and CSS MSC on 8 February 2010.

4.2 Group Structure

The Group structure of EAH at the date of this report is as follows:-



12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

Details of the subsidiaries are as follows:-

| Name of company | Date and place of incorporation | Issued and paid-up share capital RM | Effective equity interest % | Principal activities |
|-----------------------------------|--|--|------------------------------------|---|
| EASS | 22.09.2006 Malaysia | 2,000,000 | 100 | E-Business consultancy and hardware system integration specialists |
| CSS MSC | 28.11.2005 Malaysia | 2,000,000 | 100 | Provision of business intelligence software and development, IT service and management consulting and system integrations |
| Subsidiary company of EASS | | | | |
| EA MSC | 04.04.2008 Malaysia | 300,000 | 100 | Research, design, development, sales and distribution of RFID-based tracking systems and its related activities |

EASS and EA MSC are collectively referred to as "EASS Group".

EAH, EASS Group and CSS MSC are collectively referred to as "EAH Group".

5. AUDITORS AND AUDITED FINANCIAL STATEMENTS

The auditors of the respective companies for the relevant FYE/ FPE under review and the audited financial statements of the respective companies in respect of which the financial information set out in this report are based upon are as follows:-

| <u>Name of Companies</u> | <u>Relevant Financial Period/ Year</u> | <u>Auditors</u> | <u>Auditor's Report</u> |
|---------------------------------|---|------------------------|---|
| EAH | FPE 31 December 2009 | - | - |
| EASS | FPE 30 September 2007 FPE 31 December 2008 FYE 31 December 2009 | Chong & Co | Appendix I Appendix II Appendix III |
| CSS MSC | FYE 31 December 2007 FYE 31 December 2008 FYE 31 December 2009 | Chong & Co | Appendix IV Appendix V Appendix VI |
| EA MSC | FPE 31 December 2008 FYE 31 December 2009 | Chong & Co | Appendix VII Appendix VIII |

EAH was incorporated on 6 November 2009 and did not commence operation as at 31 December 2009, therefore no audited financial statements was prepared as at the date of this report. The financial statements of EASS, CSS MSC and EA MSC ("Subsidiaries") for all the financial periods/ years under review were reported without any qualification and the reports did not include any emphasis of matter.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****6. ACCOUNTING STANDARDS AND POLICIES****6.1 Basis of Consolidation and Preparation of Financial Information**

The financial information of the Subsidiaries included in this Report has been prepared based on the audited financial statements of the Subsidiaries for the relevant financial periods/years.

The financial statements of the Subsidiaries for the period/year ended prior to 31 December 2009 have been prepared using the accounting policies that are in accordance with the Private Entity Reporting Standards, the MASB Approved Accounting Standards for Private Entities.

For the FYE 31 December 2009, the Subsidiaries have adopted the accounting policies that are in accordance with FRS, the MASB Approved Accounting Standards for Entities Other than Private Entities.

The adoption of the FRS does not result in changes to the Subsidiaries' accounting policies and does not have any financial effect on the profit after taxation of the Subsidiaries for the relevant financial periods/years.

The EAH Group has not adopted the following FRSs and Issues Committee ("IC") Interpretations that have been issued as the date of authorization of these financial statements are not yet effective for the Group:

(i) FRSs issued and effective for financial periods beginning on or after 1 January 2010:

| | |
|---------|--|
| FRS 7 | Financial Instruments: Disclosures |
| FRS 139 | Financial Instruments: Recognition and Measurement |

The possible impact of FRS 7 and FRS 139 on the financial statements upon their initial application is not disclosed by virtue of the exemptions given in these standards.

(ii) Amendments issued and effective for financial periods beginning on or after 1 January 2010:

| | |
|--------------------------------|---|
| Amendments to FRS1 and FRS 127 | Cost of an investment in a subsidiary, Jointly Controlled Entity or Associate |
| Amendments to FRS 2 | Vesting Conditions and Cancellations |

The above amendments are not relevant to the EAH Group's operations.

(iii) IC Interpretations issued and effective for financial periods beginning on or after 1 January 2010:

| | |
|----------------------|---|
| IC Interpretation 9 | Reassessment of Embedded Derivatives |
| IC Interpretation 10 | Interim Financial Reporting and Impairment |
| IC Interpretation 11 | FRS 2: Group and Treasury Share Transactions |
| IC Interpretation 13 | Customer Loyalty Programmes |
| IC Interpretation 14 | FRS 119: The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****6.2 Significant Accounting Policies**

The following accounting policies have been used consistently in dealing with items that are considered material in relation to the financial statements of the Subsidiaries, and have been consistently applied to the financial statements for all the financial periods/years presented, unless otherwise stated.

(a) Basis of Consolidation

Consolidated financial statements are prepared for EASS Group using the purchase method of accounting.

Under the purchase method of accounting, the results of subsidiary acquired or disposed during the financial year are included in the combined income statement from the date of acquisition or the date in which control is transferred to the parent company, up to the date of their disposal or the date in which control ceases.

At the date of acquisition, the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities are determined and these values are reflected in the combined financial statements. At the same time, the cost of an acquisition is measured as fair value of the assets given and liabilities incurred or assumed, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the parent company's share of the subsidiary's identifiable net assets at the date of acquisition is reflected as goodwill on consolidation. Goodwill is included in the combined balance sheet as an intangible asset.

Minority interest at the balance sheet date, being the portion of the net assets of subsidiary attributable to equity interests that are not owned by the parent company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet. Minority interest in the results of the parent company is presented on the face of the consolidated income statement as an allocation of the total profit or loss for the financial period/ year between minority interest and the equity holder of the parent company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the parent company's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the parent company's interest is allocated all such profits until the minority's share of losses previously absorbed by the parent company has been recovered.

All intragroup transactions, balances and unrealised gains on transactions between the parent company and subsidiary are eliminated on consolidation. Unrealised losses are also eliminated unless the transactions provide evidences of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiary to ensure consistency of accounting policies with those of the parent company.

Gain or loss on disposal of a subsidiary is determined by comparing the net disposal proceeds and the parent company's share of its net assets at the date of disposal. The difference is included in the consolidated income statement.

12. ACCOUNTANTS' REPORT (CONT'D)

CHONG & CO.

(b) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with 6.2(d) below.

Gains or losses arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the income statement.

Property, plant and equipment are depreciated on the straight-line method at rate based on their estimated useful lives. The principal annual rates used for all classes of plant and equipment is 20%.

(c) Cash Flow Statement

The Subsidiaries adopt the indirect method in the preparation of the cash flow statement.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

(d) Impairment of Assets

At each balance sheet date, the Subsidiaries review the carrying amounts of their assets, other than inventories, deferred tax assets and financial assets, to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the assets belong.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset.

(e) Inventories

Inventories are valued at the lower of cost, using the first in first out method of valuation, and net realisable value after adequate allowance has been made for obsolete and damage inventories.

(f) Foreign Currency Transactions

Transactions in foreign currencies are converted into Ringgit Malaysia at the approximate rates of exchange prevailing on the date of the transactions and, where settlements have not taken place at balance sheet date, at the approximate rates prevailing on that date or at contracted rates. All gains and losses on foreign exchange are included in the income statement.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

| | 2007 RM | 2008 RM | 2009 RM |
|------|------------|------------|------------|
| USD | - | - | 3.63 |
| EURO | 4.87 | 4.89 | 5.00 |

(g) Provisions for Liabilities

Provisions for liabilities are recognised when the Subsidiaries have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(h) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Subsidiaries and the amount of the income can be measured reliably.

Revenue from sales of goods delivered and services rendered, net of discounts and returns, are recognised into the income statement upon the transfer of the significant risks and rewards of ownership to customers.

(i) Employee Benefits**(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which employees of the Subsidiaries rendered the associated services. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by the Employee Provident Fund Act, 1991, companies in Malaysia must make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

(j) Income Tax

Taxation in the income statement represents the aggregate amount of current and deferred tax. Current tax is the expected amount of income taxes payable in respect of taxable income for the year and any adjustments recognised in the year for current tax of prior period/ year.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

Deferred tax is recognised, using the liability method, on temporary differences except where the temporary differences arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the year in which the assets are realised or the liabilities are settled.

Deferred tax is recognised in equity when it relates to items recognized directly in equity. When the deferred tax arises from business combination that is an acquisition, the deferred tax is included in the resulting goodwill or negative goodwill.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable income will be available against which the assets can be utilised.

(k) Financial Instruments

Financial instruments are recognised in the balance sheet when the Subsidiaries have become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expenses or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Subsidiaries have a legally enforceable right to offset and intend to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(i) Non-current investments

Non-current investments other than investment in subsidiaries, associated companies and joint venture are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with 6.2(d) above. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Receivables

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

(iii) Payables

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

(iv) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the year in which they are approved for payment.

12. ACCOUNTANTS' REPORT (CONT'D)

CHONG & CO.

6.3 Financial Instruments

Financial risk management policies

The Subsidiaries are exposed to a variety of risks in the normal course of business. The Subsidiaries' risk management seeks to minimize the potential adverse effects from these exposures. The management reviews and agrees policies for managing each of these risks as follows:

(a) Interest rate risk

The Subsidiaries are exposed to interest rate risk through the impact of rate changes on interest bearing deposits placement in banks. The Subsidiaries manage their interest rate risk by monitoring the movement on interest rate on an ongoing basis.

(b) Credit risk

The Subsidiaries are exposed to credit risk mainly from receivables. The Subsidiaries extend credit to their customers based upon careful evaluation of the customers' financial condition and credit history.

The Subsidiaries' exposure to credit risk in relation to their receivables, should all their customers fail to perform their obligations as at year end, is the carrying amount of these receivables as disclosed in the balance sheet.

(c) Market risk

The Subsidiaries do not have any quoted investments and hence are not exposed to market risk.

(d) Foreign currency risk

The Subsidiaries undertakes trade transactions with payables, which are mainly denominated in United States Dollar (USD) and Euro Currency (EURO), where the amounts outstanding are exposed to currency translation risk.

In order to minimise foreign exchange risks, the management closely monitor its foreign currency liabilities to ensure that they are closely matched against currency assets.

(e) Liquidity and cash flow risk

The Subsidiaries review their cash flow position regularly to manage their exposure to fluctuations in future cash flow associated with their monetary financial instruments.

Fair values

The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheet approximate their respective net fair values.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7. AUDITED FINANCIAL STATEMENTS****7.1 EASS Group****7.1.1 Income Statement**

The following table sets out the summary of financial results prepared based on the audited financial statements of EASS Group for the past two (2) FPE/ FYE 31 December 2009 only as EASS Group was only in existence from FPE 31 December 2008:-

| Financial Period/ Year Ended | Notes (7.1.5) | ←----- Audited -----> | |
|---|------------------|-------------------------------|-------------------------------|
| | | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Revenue | i | 5,461 | 10,540 |
| Cost of sales | i | (3,946) | (7,449) |
| Gross profit | | 1,515 | 3,091 |
| Other operating income | | 310 | 903 |
| Operating expenses | | (1,735) | (1,627) |
| Profit before interest and taxation | | 90 | 2,367 |
| Finance cost | | - | - |
| Profit before taxation | ii | 90 | 2,367 |
| Taxation | iii | (31) | (33) |
| Profit from ordinary activities | | 59 | 2,334 |
| Minority interest | | - | - |
| Profit after taxation and minority interest | | 59 | 2,334 |
| Gross profit margin (%) | | 27.7% | 29.3% |
| Profit before tax margin (%) | | 1.6% | 22.5% |
| Net profit after tax margin (%) | | 1.1% | 22.1% |
| Effective tax rate (%) | | 34.4% | 1.4% |
| No. of ordinary shares of RM1.00 each in issue ('000) | | 2,000 | 2,000 |
| Gross earnings per shares (Sen) | | 4.5 | 118.4 |
| Net earnings per shares (Sen) | | 3.0 | 116.7 |

Notes:-

- (i) There were no extraordinary or exceptional items in all the financial period/year under review.
- (ii) There were no accounting policies which are peculiar to EASS Group due to the nature of business or industry it is involved in and that would affect the determination of EASS Group's income or financial position.
- (iii) FPE 31 December 2008 is based on 15 months period from 1 October 2007 to 31 December 2008.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7.1.2 Balance Sheet**

The following table sets out the summary of the balance sheets prepared based on the audited financial statements of EASS Group for the past two (2) FPE/ FYE 31 December 2009 only as EASS Group was only in existence from FPE 31 December 2008:-

| As at | Notes (7-15) | ←----- Audited -----> | |
|--------------------------------|-----------------|-------------------------------|-------------------------------|
| | | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| ASSETS | | | |
| <i>Non-current assets</i> | | | |
| Property, plant and equipment | iv | 503 | 458 |
| Total non-current assets | | <u>503</u> | <u>458</u> |
| <i>Current Assets</i> | | | |
| Inventories | v | 232 | 245 |
| Trade receivables | vi | 1,240 | 2,985 |
| Other receivables and deposits | vii | 14 | 887 |
| Cash and cash equivalents | viii | 243 | 7 |
| Total current assets | | <u>1,729</u> | <u>4,124</u> |
| Total assets | | <u>2,232</u> | <u>4,582</u> |
| EQUITY AND LIABILITIES | | | |
| <i>Capital and Reserves</i> | | | |
| Share capital | | 2,000 | 2,000 |
| Retained profit | ix | 153 | 2,487 |
| Shareholders' Equity | | <u>2,153</u> | <u>4,487</u> |
| <i>Non-current liabilities</i> | | | |
| Deferred taxation | x | 24 | 59 |
| Total non-current liabilities | | <u>24</u> | <u>59</u> |
| <i>Current liabilities</i> | | | |
| Trade payables | xi | 6 | - |
| Other payables and accruals | xii | 14 | 36 |
| Provision for taxation | | 35 | - |
| Total current liabilities | | <u>55</u> | <u>36</u> |
| Total liabilities | | <u>79</u> | <u>95</u> |
| Total equity and liabilities | | <u>2,232</u> | <u>4,582</u> |

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7.1.3 Statement of Changes in Equity**

The following table sets out the summary of the statement of changes in equity prepared based on the audited financial statements of EASS Group for the past two (2) FPE/ FYE 31 December 2009 only as EASS Group was only in existence from FPE 31 December 2008:-

| | ←----- Audited -----> | | |
|-------------------------------------|----------------------------|------------------------------|-----------------|
| | Share Capital RM'000 | Retained Profit RM'000 | Total RM'000 |
| Balance as at 1 October 2007 | 2,000 | 94 | 2,094 |
| Net profit for the financial period | - | 59 | 59 |
| Balance as at 31 December 2008 | 2,000 | 153 | 2,153 |
| Net profit for the financial year | - | 2,334 | 2,334 |
| Balance as at 31 December 2009 | 2,000 | 2,487 | 4,487 |

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7.1.4 Cash Flow Statement**

The following table sets out the summary of cash flows prepared based on the audited financial statements of EASS Group for the past two (2) FPE/ FYE 31 December 2009 only as EASS Group was only in existence from FPE 31 December 2008:-

| Financial Period/ Year Ended | ← Audited → | |
|---|-------------------------------|-------------------------------|
| | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 90 | 2,367 |
| Adjustments for: | | |
| Depreciation | 44 | 114 |
| Gain on disposal of plant and equipment | (4) | - |
| Interest income | (7) | (3) |
| Operating profit before working capital changes | 123 | 2,478 |
| Inventories | (232) | (14) |
| Receivables | (319) | (2,618) |
| Payables | (12) | 17 |
| Director's account | 889 | - |
| Cash from/ (used in) operation | 449 | (137) |
| Tax paid | - | (33) |
| Interest received | 7 | 3 |
| Net cash from/ (used in) operating activities | 456 | (167) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (515) | (69) |
| Proceeds from disposal of plant and equipment | 40 | - |
| Net cash used in investing activities | (475) | (69) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of shares | - | - |
| Net cash from financing activities | - | - |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (19) | (236) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/ YEAR | 262 | 243 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD/ YEAR | 243 | 7 |
| CASH AND CASH EQUIVALENTS COMPRISE: | | |
| Cash and bank balances: | 243 | 7 |

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7.1.5 Notes to the financial statements****i) Revenue and cost of sales**

The details of the revenues recorded and cost of sales incurred are as follows:-

| Financial Period/ Year Ended | ← Audited → | |
|---------------------------------------|-------------------------------|-------------------------------|
| | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Revenue | | |
| <i>Software & Solutions:</i> | | |
| Automated Invoices Processing | 50 | 67 |
| <i>ICT Services</i> | | |
| System and Infrastructure Integration | 4,863 | 8,331 |
| ICT Consultancy | 233 | 18 |
| <i>RFID and Access Control System</i> | 315 | 2,124 |
| | 5,461 | 10,540 |
| Cost of Sales | | |
| <i>Software & Solutions:</i> | | |
| Automated Invoices Processing | - | - |
| <i>ICT Services</i> | | |
| System and Infrastructure Integration | 3,795 | 6,913 |
| ICT Consultancy | - | 3 |
| <i>RFID and Access Control System</i> | 151 | 533 |
| | 3,946 | 7,449 |

Notes:-

- (a) Revenue derived from automated invoices processing solutions consisted solely of implementation services performed in collaboration with Readsoft Asia Sdn Bhd.
- (b) Revenue derived from EASS's system and infrastructure integration comprised of services performed on systems, database and networking facilities as well as the identification of scalable solutions which were implemented within the framework of EASS's customers' existing IT environment. EASS's fees also included the sale of third (3rd) party products and services to the customers. EA MSC's system and infrastructure integration comprised a mixture of internally developed and third party software, hardware and services procured, installed and integrated by EA MSC at customer's premises.
- (c) Revenue derived from ICT consultancy consisted of fees from the provision of ICT systems consultancy in the area of ICT infrastructure, IT systems management, project management and mainframe services.
- (d) Revenue from RFID and Access Control Systems comprised mainly of sales of RFID hardware and systems integration fees from the bundling of RFID solutions and Access Control Systems for its customers. These products were sold individually or as a system through combinations of hardware, software and implementation or systems integration.
- (e) Cost of sales for software solutions and ICT services mainly comprised of third (3rd) party products and services from technological principals. EASS purchased these items to be used as a base for its services and solutions. The costs of sales involved also included technical assistance which were mainly support services, installation and implementation services provided by the technological principals.
- (f) Cost of sales for RFID and Access Control System mainly comprised of raw materials and services procured for the assembly and manufacturing of EA MSC's products.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

ii) Profit before taxation

This has been determined after charging/ (crediting) the following items:-

| Financial Period/ Year Ended | ← Audited → | |
|---|-------------------------------|-------------------------------|
| | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Audit fee | 9 | 15 |
| Depreciation | 44 | 114 |
| Director's remuneration | 222 | 320 |
| Preliminary expenses | 10 | - |
| Rental charges | 32 | 37 |
| Gain on disposal of plant and equipment | (4) | - |
| Government grant | (300) | (900) |
| Interest received | (7) | (3) |
| | <u> </u> | <u> </u> |

iii) Taxation

The provision for taxation for the financial period/ year is computed at the prevailing tax rates.

| Financial Period/ Year Ended | ← Audited → | |
|--------------------------------------|-------------------------------|-------------------------------|
| | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Provision for taxation | 7 | - |
| Over provision in prior period/ year | - | (2) |
| Deferred taxation | 24 | 35 |
| | <u> </u> | <u> </u> |
| | <u>31</u> | <u>33</u> |

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate are as follows:-

| Financial Period/ Year Ended | ← Audited → | |
|--|-------------------------------|-------------------------------|
| | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Profit before taxation | <u>89</u> | <u>2,367</u> |
| Taxation | | |
| - First RM500,000 @20% | 18 | 100 |
| - Balance @25% (2008 - 26%) | - | 467 |
| Expenses not deductible for tax purposes | 13 | 14 |
| Utilisation of previously unrecognised tax losses and unabsorbed capital allowance | - | (6) |
| Over provision in prior period/year | - | (2) |
| Effect of different tax rate on small and medium scale rate | - | (94) |
| Income not subject to tax | - | (443) |
| Current year deferred tax liability not recognised | - | (3) |
| | <u> </u> | <u> </u> |
| | <u>31</u> | <u>33</u> |

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

iv) Property, plant and equipment

| | Computer RM'000 | Office equipment RM'000 | Renovation RM'000 | Mould RM'000 | Total RM'000 |
|---------------------------------------|--------------------|-------------------------------|----------------------|-----------------|-----------------|
| Net Book Value as at 1 October 2007 | 15 | 12 | 41 | - | 68 |
| Additions | 390 | - | 110 | 15 | 515 |
| Disposal | - | - | (36) | - | (36) |
| Depreciation | (23) | (3) | (16) | (2) | (44) |
| Net Book Value as at 31 December 2008 | 382 | 9 | 99 | 13 | 503 |
| Additions | 20 | 6 | - | 43 | 69 |
| Disposal | - | - | - | - | - |
| Depreciation | (83) | (2) | (22) | (7) | (114) |
| Net Book Value as at 31 December 2009 | 319 | 13 | 77 | 49 | 458 |

| | Computer RM'000 | Office equipment RM'000 | Renovation RM'000 | Mould RM'000 | Total RM'000 |
|-------------------------------|--------------------|-------------------------------|----------------------|-----------------|-----------------|
| <i>As at 31 December 2008</i> | | | | | |
| At Cost | 406 | 13 | 110 | 15 | 544 |
| Accumulated Depreciation | (24) | (4) | (11) | (2) | (41) |
| Net Book Value | 382 | 9 | 99 | 13 | 503 |
| <i>As at 31 December 2009</i> | | | | | |
| At Cost | 426 | 19 | 110 | 58 | 613 |
| Accumulated Depreciation | (107) | (6) | (33) | (9) | (155) |
| Net Book Value | 319 | 13 | 77 | 49 | 458 |

v) Inventories

Inventories are stated at lower of cost as determined by the directors and consist of finished goods and raw materials produced and used by the subsidiary, EA MSC:

| Financial Period/ Year Ended | ← Audited → | |
|--------------------------------------|-------------------------------|-------------------------------|
| | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Finished Goods | 163 | 170 |
| Raw materials | 69 | 75 |
| | 232 | 245 |
| Purchases | 382 | 6,155 |
| Inventories turnover period (days) ^ | 165 | 14 |

Note:-

^ based on average inventories balances

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

vi) Trade receivables

Detailed disclosure on trade receivables are as follows:-

| Financial Period/ Year Ended | ← Audited → | |
|--|---------------------|---------------------|
| | 31 December 2008 | 31 December 2009 |
| Trade receivables (RM'000) | 1,240 | 2,985 |
| Revenue (RM'000) | 5,461 | 10,540 |
| Trade receivables's turnover period (days) ^ | 90 | 73 |

^ based on average trade receivables balances

The trade receivables ageing analysis as at 31 December 2009 is as set out below:-

| | 0-30 days RM'000 | 31-60 days RM'000 | 61-90 days RM'000 | Extended credit period RM'000 | Total RM'000 |
|-----------------------------------|---------------------|----------------------|----------------------|-------------------------------------|-----------------|
| Balance as at 31 December 2009 | 265 | 385 | 29 | 2,306 | 2,985 |
| % of trade receivables | 8.9 | 12.9 | 1.0 | 77.2 | 100.0 |

The normal credit terms ranged from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis. Customers are given extended credit period based on several factors, amongst others, the scope of the projects undertaken, length of relationship and creditworthiness. All trade receivables are receivable in Ringgit Malaysia.

There was no overdue debtor as at 31 December 2009. As at the date of this report, EASS Group has collected RM1,268,275.

vii) Other receivables and deposits

| Financial Period/ Year Ended | ← Audited → | |
|------------------------------|---------------------|---------------------|
| | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 |
| Other receivables | 1 | 601 |
| Prepayment listing expenses | - | 190 |
| Deposits | 13 | 96 |
| | <u>14</u> | <u>887</u> |

viii) Cash and cash equivalents

Cash and cash equivalents comprised the following:-

| Financial Period/ Year Ended | ← Audited → | |
|------------------------------|---------------------|---------------------|
| | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 |
| Cash in hand | - | 3 |
| Cash at bank | 243 | 4 |
| | <u>243</u> | <u>7</u> |

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

ix) Retained profit

There is no restriction to the distribution of retained profit to the shareholder under the single tier tax system.

x) Deferred taxation

| Financial Period/ Year Ended | ←----- Audited -----> | |
|--------------------------------------|-----------------------|---------------------|
| | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 |
| Balance at the beginning of the year | 2 | 26 |
| Recognised in the income statement | <u>24</u> | <u>35</u> |
| Balance at end of the year | <u>26</u> | <u>61</u> |

This is in respect of taxation effect on temporary differences arising from capital allowances claimed on property, plant and equipment in excess of its depreciation.

xi) Trade payables

Detailed disclosure on trade payables are as follows:-

| Financial Period/ Year Ended | ←----- Audited -----> | |
|--|-----------------------|---------------------|
| | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 |
| Trade payables | 6 | - |
| Cost of sales | 3,946 | 7,449 |
| Trade payables' turnover period (days) ^ | 1 | - |

^ based on average trade payables balances

All trade payables are payable in Ringgit Malaysia.

xii) Other payables and accruals

Other payables and accruals comprised the following:-

| Financial Period/ Year Ended | ←----- Audited -----> | |
|------------------------------|-----------------------|---------------------|
| | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 |
| Accruals of expenses | <u>14</u> | <u>36</u> |

Accruals of expenses mainly consist of accrued auditors' remuneration and accrued staff related expenses.

xiii) Dividend

There is no dividend declared during the relevant financial periods/ years under review.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7.2 EASS**

EASS was incorporated in Malaysia on 22 September 2006 under the Act as a private limited company under the name of Excellent Affair Sdn Bhd. On 13 January 2010, Excellent Affair Sdn Bhd has changed its name to EASS Sdn Bhd and assumed its present name.

EASS is principally engaged in E-business consultancy and hardware system integration specialists. On 16 May 2007, EASS became a registered bumiputera contractor under the Malaysian Ministry of Finance.

The changes in the EASS's authorised share capital since its date of incorporation are as follows:-

| Date of creation | No. of ordinary shares | Par Value (RM) | ← Cumulative Total → | |
|------------------|------------------------|----------------|------------------------|-----------|
| | | | No. of ordinary shares | RM |
| 22.09.2006 | 5,000,000 | 1.00 | 5,000,000 | 5,000,000 |

The changes in the EASS's issued and fully paid-up share capital since its date of incorporation are as follows:-

| Date of creation | No. of ordinary shares | Par Value (RM) | Consideration | ← Cumulative Total → | |
|------------------|------------------------|----------------|---------------|------------------------|-----------|
| | | | | No. of ordinary shares | RM |
| 22.09.2006 | 2 | 1.00 | Cash | 2 | 2 |
| 11.12.2006 | 1,999,998 | 1.00 | Cash | 1,999,998 | 2,000,000 |

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7.2.1 Income Statement**

The following table sets out the summary of financial results prepared based on the audited financial statements of EASS for the past three (3) FPE/ FYE 31 December 2009:-

| Financial Period/ Year Ended | Notes (7.2.5) | ← Audited → | | |
|---|------------------|--------------------------------|-------------------------------|-------------------------------|
| | | 30 September 2007 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Revenue | i | 1,030 | 5,146 | 2,307 |
| Cost of sales | i | (322) | (3,795) | (1,308) |
| Gross profit | | 708 | 1,351 | 999 |
| Other operating income | | - | 10 | 2 |
| Operating expenses | | (586) | (1,271) | (824) |
| Profit before interest and taxation | | 122 | 90 | 177 |
| Finance cost | | - | - | - |
| Profit before taxation | ii | 122 | 90 | 177 |
| Taxation | iii | (28) | (31) | (33) |
| Profit from ordinary activities | | 94 | 59 | 144 |
| Minority interest | | - | - | - |
| Profit after taxation and minority interest | | 94 | 59 | 144 |
| Gross profit margin (%) | | 68.7% | 26.3% | 43.3% |
| Profit before tax margin (%) | | 11.8% | 1.7% | 7.7% |
| Net profit after tax margin (%) | | 9.1% | 1.1% | 6.2% |
| Effective tax rate (%) | | 23.0% | 34.4% | 18.6% |
| No. of ordinary shares of RM1.00 each in issue ('000) | | 2,000 | 2,000 | 2,000 |
| Gross earnings per shares (Sen) | | 6.1 | 4.5 | 8.9 |
| Net earnings per shares (Sen) | | 4.7 | 3.0 | 7.2 |

Notes:-

- (i) There were no extraordinary or exceptional items in all the financial periods/ years under review.
- (ii) There were no accounting policies which are peculiar to EASS due to the nature of business or industry it is involved in and that would affect the determination of EASS's income or financial position.
- (iii) FPE 31 December 2008 comprised 15 months period from 1 October 2007 to 31 December 2008.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7.2.2 Balance Sheet**

The following table sets out the summary of the balance sheets prepared based on the audited financial statements of EASS for the past three (3) FPE/ FYE 31 December 2009:-

| As at | Notes (7.2.5) | ←----- Audited -----> | | |
|--------------------------------------|------------------|--------------------------------|-------------------------------|-------------------------------|
| | | 30 September 2007 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| ASSETS | | | | |
| <i>Non-current assets</i> | | | | |
| Property, plant and equipment | iv | 68 | 442 | 361 |
| Investment in subsidiary | v | - | 300 | 300 |
| Total non-current assets | | 68 | 742 | 661 |
| <i>Current Assets</i> | | | | |
| Trade receivables | vi | 912 | 1,162 | 1,290 |
| Other receivables and deposits | vii | 22 | 9 | 282 |
| Amount due from subsidiary | viii | - | 198 | 148 |
| Amount due from directors | ix | 889 | - | - |
| Cash and cash equivalents | x | 262 | 112 | 1 |
| Total current assets | | 2,085 | 1,481 | 1,721 |
| Total assets | | 2,153 | 2,223 | 2,382 |
| EQUITY AND LIABILITIES | | | | |
| <i>Capital and Reserves</i> | | | | |
| Share capital | | 2,000 | 2,000 | 2,000 |
| Retained profit | xi | 94 | 153 | 297 |
| Shareholders' Equity | | 2,094 | 2,153 | 2,297 |
| <i>Non-current liabilities</i> | | | | |
| Deferred taxation | xii | - | 24 | 59 |
| Total non-current liabilities | | - | 24 | 59 |
| <i>Current liabilities</i> | | | | |
| Trade payables | xiii | 11 | - | - |
| Other payables and accruals | xiv | 20 | 11 | 26 |
| Provision for taxation | | 28 | 35 | - |
| Total current liabilities | | 59 | 46 | 26 |
| Total liabilities | | 59 | 70 | 85 |
| Total equity and liabilities | | 2,153 | 2,223 | 2,382 |

12. ACCOUNTANTS' REPORT (CONT'D)

CHONG & CO.

7.2.3 Statement of Changes in Equity

The following table sets out the summary of the statement of changes of equity prepared based on the audited financial statements of EASS for the past three (3) FPE/ FYE 31 December 2009:-

| | ← Audited → | | |
|--|----------------------------|------------------------------|-----------------|
| | Share Capital RM'000 | Retained Profit RM'000 | Total RM'000 |
| Balance as at 22 September 2006 | ^ | - | - |
| Issuance of shares during the financial period | 2,000 | - | 2,000 |
| Net profit for the financial period | - | 94 | 94 |
| Balance as at 31 December 2007 | 2,000 | 94 | 2,094 |
| Net profit for the financial year | - | 59 | 59 |
| Balance as at 31 December 2008 | 2,000 | 153 | 2,153 |
| Net profit for the financial year | - | 144 | 144 |
| Balance as at 31 December 2009 | 2,000 | 297 | 2,297 |

Notes:-

^ - Less than RM1,000

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7.2.4 Cash Flow Statement**

The following table sets out the summary of cash flows statements prepared based on the audited financial statements of EASS for the past three (3) FPE/ FYE 31 December 2009:-

| Financial Period/ Year Ended | ←----- Audited -----> | | |
|---|--------------------------------|-------------------------------|-------------------------------|
| | 30 September 2007 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | 122 | 90 | 177 |
| Adjustments for: | | | |
| Depreciation | 6 | 37 | 96 |
| Gain on disposal of plant and equipment | - | (4) | - |
| Interest income | - | (6) | (2) |
| Operating profit before working capital changes | 128 | 117 | 271 |
| Receivables | (934) | (236) | (401) |
| Payables | 31 | (21) | 15 |
| Subsidiary/ Holding company | - | (198) | 50 |
| Director's account | (889) | 889 | - |
| Cash (used in)/ from operation | (1,664) | 551 | (65) |
| Tax paid | - | - | (33) |
| Interest received | - | 6 | 2 |
| Net cash (used in)/ from operating activities | (1,664) | 557 | (96) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Investment in subsidiary | - | (300) | - |
| Purchase of plant and equipment | (74) | (447) | (15) |
| Proceeds from disposal of plant and equipment | - | 40 | - |
| Net cash used in investing activities | (74) | (707) | (15) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | 2,000 | - | - |
| Net cash from financing activities | 2,000 | - | - |
| NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS | 262 | (150) | (111) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/ YEAR | - | 262 | 112 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD/ YEAR | 262 | 112 | 1 |
| CASH AND CASH EQUIVALENTS COMPRISE: | | | |
| Cash and bank balances: | 262 | 112 | 1 |

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7.2.5 Notes to the financial statements**

i) Revenue and cost of sales

The details of the revenues recorded and cost of sales incurred are as follows:-

| Financial Period/Year Ended | ← Audited → | | |
|---|--------------------------------|-------------------------------|-------------------------------|
| | 30 September 2007 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| <u>Revenue</u> | | | |
| <u>Software & Solutions:</u> | | | |
| Automated Invoices Processing | - | 50 | 67 |
| <u>ICT Services:</u> | | | |
| System and Infrastructure Integration | 914 | 4,863 | 2,222 |
| ICT Consultancy | 116 | 233 | 18 |
| | 1,030 | 5,146 | 2,307 |
| <u>Cost of Sales</u> | | | |
| <u>Software & Solutions:</u> | | | |
| Automated Invoices Processing | - | - | - |
| <u>ICT Services:</u> | | | |
| System and Infrastructure Integration | 213 | 3,795 | 1,305 |
| ICT Consultancy | 109 | - | 3 |
| | 322 | 3,795 | 1,308 |

Notes:-

- (a) Revenue derived from automated invoices processing solutions consisted solely of implementation services performed in collaboration with Readsoft Asia Sdn Bhd.
- (b) Revenue derived from system and infrastructure integration comprised of services performed on systems, database and networking facilities as well as the identification of scalable solutions which were implemented within the framework of EASS's customers' existing IT environment. EASS's fees also included the sale of third (3rd) party products and services to the customers.
- (c) Revenue derived from ICT consultancy consisted of fees from the provision of ICT systems consultancy in the area of ICT infrastructure, IT systems management, project management and mainframe services.
- (d) Cost of sales for software solutions and ICT services mainly comprised of third (3rd) party products and services from technological principals. EASS purchased these items to be used as a base for its services and solutions. The costs of sales involved also included technical assistance which were mainly support services, installation and implementation services provided by the technological principals.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

ii) Profit before taxation

This has been determined after charging/ (crediting) the following items:-

| Financial Period/ Year Ended | ← Audited → | | |
|---|--------------------------------|-------------------------------|-------------------------------|
| | 30 September 2007 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Audit fee | 3 | 7 | 7 |
| Depreciation | 6 | 37 | 96 |
| Director's remuneration | 100 | 150 | 224 |
| Preliminary expenses | 3 | - | - |
| Rental charges | 13 | 20 | 20 |
| Gain on disposal of plant and equipment | - | (4) | - |
| Interest received | - | (6) | (2) |

iii) Taxation

The provision for taxation for the financial period/year is computed at the prevailing tax rates.

| Financial Period/ Year Ended | ← Audited → | | |
|--------------------------------------|--------------------------------|-------------------------------|-------------------------------|
| | 30 September 2007 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Provision for taxation | 28 | 7 | - |
| Over provision in prior period/ year | - | - | (2) |
| Deferred taxation | - | 24 | 35 |
| | <u>28</u> | <u>31</u> | <u>33</u> |

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate are as follows:-

| Financial Period/ Year Ended | ← Audited → | | |
|--|--------------------------------|-------------------------------|-------------------------------|
| | 30 September 2007 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Profit before taxation | <u>122</u> | <u>89</u> | <u>177</u> |
| Taxation @ 20% | 24 | 18 | 35 |
| Expenses not deductible for tax purposes | 4 | 13 | 6 |
| Utilisation of previously unrecognised tax losses and unabsorbed capital allowance | - | - | (6) |
| Over provision in prior period/ year | - | - | (2) |
| | <u>28</u> | <u>31</u> | <u>33</u> |

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

iv) Property, plant and equipment

| | Computer RM'000 | Office equipment RM'000 | Renovation RM'000 | Total RM'000 |
|---|--------------------|-------------------------------|----------------------|-----------------|
| Net Book Value as at 22 September 2006 | - | - | - | - |
| Additions | 16 | 13 | 45 | 74 |
| Disposal | - | - | - | - |
| Depreciation | (1) | (1) | (4) | (6) |
| Net Book Value as at 31 December 2007 | 15 | 12 | 41 | 68 |
| Additions | 368 | - | 79 | 447 |
| Disposal | - | - | (36) | (36) |
| Depreciation | (22) | (3) | (12) | (37) |
| Net Book Value as at 31 December 2008 | 361 | 9 | 72 | 442 |
| Additions | 15 | - | - | 15 |
| Disposal | - | - | - | - |
| Depreciation | (78) | (2) | (16) | (96) |
| Net Book Value as at 31 December 2009 | 298 | 7 | 56 | 361 |

| | Computer RM'000 | Office equipment RM'000 | Renovation RM'000 | Total RM'000 |
|-----------------------------------|--------------------|-------------------------------|----------------------|-----------------|
| <i>As at 31 December 2007</i> | | | | |
| At cost | 16 | 13 | 45 | 74 |
| Accumulated depreciation | (1) | (1) | (4) | (6) |
| Net Book Value | 15 | 12 | 41 | 68 |
| <i>As at 31 December 2008</i> | | | | |
| At Cost | 384 | 13 | 79 | 476 |
| Accumulated Depreciation | (23) | (4) | (7) | (34) |
| Net Book Value | 361 | 9 | 72 | 442 |
| <i>As at 31 December 2009</i> | | | | |
| At Cost | 399 | 13 | 79 | 491 |
| Accumulated Depreciation | (101) | (6) | (23) | (130) |
| Net Book Value | 298 | 7 | 56 | 361 |

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

v) Investment in subsidiary company

Investment in subsidiary company represents 100% equity interest in EA MSC Sdn Bhd and is stated at cost.

vi) Trade receivables

Detailed disclosure on trade receivables are as follows:-

| Financial Period/Year Ended | Audited | | |
|---|----------------------|---------------------|---------------------|
| | 30 September 2007 | 31 December 2008 | 31 December 2009 |
| Trade receivables (RM'000) | 912 | 1,162 | 1,290 |
| Revenue (RM'000) | 1,030 | 5,146 | 2,307 |
| Trade receivables's turnover period (days)^ | 162 | 92 | 194 |

^ based on average trade receivables balances

The trade receivables ageing analysis as at 31 December 2009 is as set out below:-

| | 0 - 30 days | 31 - 60 days | 61 - 90 days | Extended credit period | Total |
|-----------------------------------|-------------|--------------|--------------|---------------------------|--------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 31 December 2009 | 42 | 251 | 6 | 991 | 1,290 |
| % of trade receivables | 3.3 | 19.5 | 0.5 | 76.7 | 100.0 |

The normal credit terms ranged from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis. Customers are given extended credit period based on several factors, amongst others, the scope of the projects undertaken, length of relationship and creditworthiness. All trade receivables are receivable in Ringgit Malaysia.

There was no overdue debtors as at 31 December 2009. As at the date of this report, EASS has collected RM695,859 subsequent to the FYE 31 December 2009.

vii) Other receivables and deposits

| Financial Period/Year Ended | Audited | | |
|--------------------------------|----------------------|---------------------|---------------------|
| | 30 September 2007 | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 | RM'000 |
| Other receivables | - | 1 | 1 |
| Prepayment of listing expenses | - | - | 190 |
| Deposits | 22 | 8 | 91 |
| | <u>22</u> | <u>9</u> | <u>282</u> |

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

viii) Amount due from subsidiary company

| Financial Period/ Year Ended | ← Audited → | | |
|------------------------------|----------------------|---------------------|---------------------|
| | 30 September 2007 | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 | RM'000 |
| EA MSC | -* | 198 | 148 |

*EA MSC was incorporated on 4 April 2008.

This amount is interest free, unsecured and has no fixed term of repayment

ix) Amount due from directors

| Financial Period/ Year Ended | ← Audited → | | |
|------------------------------|----------------------|---------------------|---------------------|
| | 30 September 2007 | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 | RM'000 |
| Amount due from Directors | 889 | - | - |

x) Cash and cash equivalents

Cash and cash equivalents comprised the following:-

| Financial Period/ Year Ended | ← Audited → | | |
|------------------------------|----------------------|---------------------|---------------------|
| | 30 September 2007 | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 | RM'000 |
| Bank Balances | 262 | 112 | 1 |

xi) Retained profit

There is no restriction to the distribution of retained profit to the shareholder under the single tier tax system.

xii) Deferred taxation

| Financial Period/ Year Ended | ← Audited → | | |
|--|----------------------|---------------------|---------------------|
| | 30 September 2007 | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 | RM'000 |
| Balance at the beginning of the period/ year | - | - | 24 |
| Recognised in the income statement | - | 24 | 35 |
| Balance at end of the period/ year | - | 24 | 59 |

This is in respect of taxation effect on temporary differences arising from capital allowances claimed on property, plant and equipment in excess of its depreciation.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

xiii) Trade payables

Detailed disclosure on trade payables are as follows:-

| Financial Period/ Year Ended | ← Audited → | | |
|--|--------------------------------|-------------------------------|-------------------------------|
| | 30 September 2007 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Trade payables | 11 | - | - |
| Cost of sales | 322 | 3,795 | 1,308 |
| Trade payables' turnover period (days) ^ | 6 | - | - |

^ based on average trade payables balances

All trade payables are payable in Ringgit Malaysia.

xiv) Other payables and accruals

Other payables and accruals comprised the following:-

| Financial Period/ Year Ended | ← Audited → | | |
|------------------------------|--------------------------------|-------------------------------|-------------------------------|
| | 30 September 2007 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Accruals of expenses | 20 | 11 | 26 |

Accruals of expenses mainly consist of accrued auditors' remuneration and accrued staff related expenses.

xv) Dividend

There is no dividend declared during the relevant financial periods/years under review.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7.3 EA MSC**

EA MSC was incorporated in Malaysia on 4 April 2008 under the Act as a private limited company under the name of EA MSC Sdn Bhd. EA MSC is presently a wholly-owned subsidiary of EASS.

EA MSC is principally engaged in research, design, development, sales and distributions of RFID-based tracking systems and its related activities. It was granted MSC status on 15 May 2008.

The changes in the EA MSC's authorised share capital since its date of incorporation are as follows:-

| Date of creation | No. of ordinary shares | Par Value (RM) | ← Cumulative Total → | |
|------------------|------------------------|----------------|------------------------|-----------|
| | | | No. of ordinary shares | RM |
| 04.04.2008 | 5,000,000 | 1.00 | 5,000,000 | 5,000,000 |

The changes in the EA MSC's issued and fully paid-up share capital since its date of incorporation are as follows:-

| Date of creation | No. of ordinary shares | Par Value (RM) | Consideration | ← Cumulative Total → | |
|------------------|------------------------|----------------|---------------|------------------------|---------|
| | | | | No. of ordinary shares | RM |
| 04.04.2008 | 300,000 | 1.00 | Cash | 300,000 | 300,000 |

12. ACCOUNTANTS' REPORT (CONT'D)

CHONG & CO.

7.3.1 Income Statement

The following table sets out the summary of financial results prepared based on the audited financial statements of EA MSC for the past two (2) FPE/ FYE 31 December 2009 as EA MSC was incorporated on 4 April 2008:-

| Financial Period/ Year Ended | Notes (7.4.5) | ←----- Audited -----> | |
|---|------------------|-------------------------------|-------------------------------|
| | | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Revenue | i | 315 | 8,233 |
| Cost of sales | i | (151) | (6,141) |
| Gross profit | | 164 | 2,092 |
| Other operating income | | 300 | 901 |
| Operating expenses | | (464) | (803) |
| Profit before interest and taxation | | - | 2,190 |
| Finance cost | | - | - |
| Profit before taxation | ii | ^ | 2,190 |
| Taxation | iii | - | - |
| Profit from ordinary activities | | ^ | 2,190 |
| Minority interest | | - | - |
| Profit after taxation and minority interest | | ^ | 2,190 |
| Gross profit margin (%) | | 52.1% | 25.4% |
| Profit before tax margin (%) | | *% | 26.6% |
| Net profit after tax margin (%) | | *% | 26.6% |
| Effective tax rate (%) | | N/A | N/A |
| No. of ordinary shares of RM1.00 each in issue ('000) | | 300 | 300 |
| Gross earnings per shares (Sen) | | 0.1 | 730.0 |
| Net earnings per shares (Sen) | | 0.1 | 730.0 |

Notes:-

(i) ^ less than RM1,000

(ii) * negligible

(iii) There were no extraordinary or exceptional items in all the financial periods/years under review.

(iv) There were no accounting policies which are peculiar to EA MSC due to the nature of business or industry it is involved in and that would affect the determination of EA MSC's income or financial position.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7.3.2 Balance Sheet**

The following table sets out the summary of the balance sheets prepared based on the audited financial statements of EA MSC for the past two (2) FPE/FYE 31 December 2009 as EA MSC was incorporated on 4 April 2008:-

| As at | Notes (7.3.5) | ← Audited → | |
|--------------------------------|------------------|-------------------------------|-------------------------------|
| | | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| ASSETS | | | |
| <i>Non-current assets</i> | | | |
| Property, plant and equipment | iv | 61 | 97 |
| Total non- current assets | | <u>61</u> | <u>97</u> |
| <i>Current Assets</i> | | | |
| Inventories | v | 232 | 245 |
| Trade receivables | vi | 78 | 1,695 |
| Other receivables and deposits | vii | 5 | 605 |
| Cash and cash equivalents | viii | 131 | 6 |
| Total current assets | | <u>446</u> | <u>2,551</u> |
| Total assets | | <u>507</u> | <u>2,648</u> |
| EQUITY AND LIABILITIES | | | |
| <i>Capital and Reserves</i> | | | |
| Share capital | | 300 | 300 |
| Retained profit | ix | ^ | 2,190 |
| Shareholders' Equity | | <u>300</u> | <u>2,490</u> |
| <i>Current liabilities</i> | | | |
| Trade payables | x | 6 | - |
| Other payables and accruals | xi | 3 | 10 |
| Amount due to holding company | xii | 198 | 148 |
| Total current liabilities | | <u>207</u> | <u>158</u> |
| Total equity and liabilities | | <u>507</u> | <u>2,648</u> |

Notes:-

^ Less than RM1,000

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7.3.3 Statement of Changes in Equity**

The following table sets out the summary of the statement of changes of equity prepared based on the audited financial statements of EA MSC for the past two (2) FPE/FYE 31 December 2009 as EA MSC was incorporated on 4 April 2008:-

| | ← Audited → | | |
|-------------------------------------|----------------------------|------------------------------|-----------------|
| | Share Capital RM'000 | Retained Profit RM'000 | Total RM'000 |
| Balance as at 4 April 2008 | 300 | - | 300 |
| Net profit for the financial period | - | ^ | - |
| Balance as at 31 December 2008 | 300 | ^ | 300 |
| Net profit for the financial year | - | 2,190 | 2,190 |
| Balance as at 31 December 2009 | 300 | 2,190 | 2,490 |

Note:-

^ Less than RM1,000

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7.3.4 Cash Flow Statement**

| Financial Period/ Year Ended | ← Audited → | |
|---|-------------------------------|-------------------------------|
| | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | ^ | 2,190 |
| Adjustments for: | | |
| Depreciation | 7 | 18 |
| Interest income | (1) | (1) |
| Operating profit before working capital changes | 6 | 2,207 |
| Inventories | (232) | (14) |
| Receivables | (83) | (2,217) |
| Payables | 9 | 2 |
| Holding company | 198 | (50) |
| Director's account | - | - |
| Cash (used in)/ from operation | (102) | (72) |
| Interest received | 1 | 1 |
| Net cash used in operating activities | (101) | (71) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of plant and equipment | (68) | (54) |
| Net cash used in investing activities | (68) | (54) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of shares | 300 | - |
| Net cash from financing activities | 300 | - |
| NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS | 131 | (125) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/ YEAR | - | 131 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD/ YEAR | 131 | 6 |
| CASH AND CASH EQUIVALENTS COMPRISE: | | |
| Cash and bank balances: | 131 | 6 |

Note:-

^ Less than RM1,000

12. ACCOUNTANTS' REPORT (CONT'D)

CHONG & CO.

7.3.5 Notes to the Financial Statement

i) Revenue and cost of sales

The details of the revenues recorded and cost of sales incurred are as follows:-

| Financial Period/Year Ended | ← Audited → | |
|-----------------------------|-------------------------------|-------------------------------|
| | 31 December 2008 RM'000 | 31 December 2009 RM'000 |

Revenue*ICT Services*

| | | |
|---------------------------------------|---|-------|
| System and Infrastructure Integration | - | 6,109 |
|---------------------------------------|---|-------|

RFID and Access Control System

| | |
|-----|-------|
| 315 | 2,124 |
| 315 | 8,233 |

Cost of Sales*ICT Services*

| | | |
|---------------------------------------|---|-------|
| System and Infrastructure Integration | - | 5,608 |
|---------------------------------------|---|-------|

RFID and Access Control System

| | |
|-----|-------|
| 151 | 533 |
| 151 | 6,141 |

Notes:-

- (a) Revenue from RFID and Access Control Systems comprised mainly of sales of RFID hardware and systems integration fees from the bundling of RFID solutions and Access Control Systems for its customers. These products were sold individually or as a system through the combinations of hardware, software and implementation or systems integration.
- (b) Revenue derived from system and infrastructure integration comprised a mixture of internally developed and third party software, hardware and services procured, installed and integrated by EA MSC at customer's premises.
- (c) Cost of sales mainly comprised of raw materials, finished goods and services procured for the assembly and manufacturing of EA MSC's products. For the FYE 31 December 2009, cost of sales amounting to RM4.663 million was attributable to the purchase of materials for its system and infrastructure integration project from Changzhou Wujin Zhongtian Computerroom Equipment Co. Ltd, a company incorporated in China.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

ii) Profit before taxation

This has been determined after charging/ (crediting) the following items:-

| Financial Period/ Year Ended | ←----- Audited -----> | |
|------------------------------|-------------------------------|-------------------------------|
| | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Audit fee | 2 | 8 |
| Depreciation | 7 | 18 |
| Director's remuneration | 72 | 96 |
| Preliminary expenses | 10 | - |
| Rental charges | 12 | 17 |
| Government grant | (300) | (900) |
| Interest received | (1) | (1) |

iii) Taxation

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of is as follows:-

| Financial Period/ Year Ended | ←----- Audited -----> | |
|---|-------------------------------|-------------------------------|
| | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Profit before taxation | ^ | 2,190 |
| Taxation | | |
| - First RM500,000 @20% | ^ | 100 |
| - Balance @25% | - | 422 |
| Expenses not deductible for tax purposes | ^ | 8 |
| Effect of different tax rate on small and medium scale rate | - | (84) |
| Income not subject to tax | - | (443) |
| Current year deferred tax liability not recognised | - | (3) |
| | - | - |

Note:-

^ - Less than RM1,000

No provision for taxation was made on business income as EA MSC was granted pioneer status under Section 4A of the Promotion of Investment (Amendment) Act, 1986, where the business income is tax exempted for a period of ten (10) years beginning from 15 May 2008.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

iv) Property, plant and equipment

| | Computer RM'000 | Office equipment RM'000 | Renovation RM'000 | Mould RM'000 | Total RM'000 |
|---------------------------------------|--------------------|-------------------------------|----------------------|-----------------|-----------------|
| Net Book Value as at 4 April 2008 | - | - | - | - | - |
| Additions | 22 | - | 31 | 15 | 68 |
| Disposal | - | - | - | - | - |
| Depreciation | (1) | - | (4) | (2) | (7) |
| Net Book Value as at 31 December 2008 | 21 | - | 27 | 13 | 61 |
| Additions | 5 | 6 | - | 43 | 54 |
| Disposal | - | - | - | - | - |
| Depreciation | (5) | - | (6) | (7) | (18) |
| Net Book Value as at 31 December 2009 | 21 | 6 | 21 | 49 | 97 |

| | Computer RM'000 | Office equipment RM'000 | Renovation RM'000 | Mould RM'000 | Total RM'000 |
|-------------------------------|--------------------|-------------------------------|----------------------|-----------------|-----------------|
| <i>As at 31 December 2008</i> | | | | | |
| At cost | 22 | - | 31 | 15 | 68 |
| Accumulated depreciation | (1) | - | (4) | (2) | (7) |
| Net Book Value | 21 | - | 27 | 13 | 61 |
| <i>As at 31 December 2009</i> | | | | | |
| At Cost | 27 | 6 | 31 | 58 | 122 |
| Accumulated Depreciation | (6) | - | (10) | (9) | (25) |
| Net Book Value | 21 | 6 | 21 | 49 | 97 |

v) Inventories

Inventories are stated at lower of cost as determined by the directors and consist of finished goods and raw materials produced and used by EA MSC:

| Financial Period/ Year Ended | ← Audited → | |
|--------------------------------------|-------------------------------|-------------------------------|
| | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Finished Goods | 163 | 170 |
| Raw materials | 69 | 75 |
| | 232 | 245 |
| Purchases | 382 | 6,155 |
| Inventories turnover period (days) ^ | 165 | 14 |

Note:-

^ based on average inventories balances

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

vi) Trade receivables

Detailed disclosure on trade receivables are as follows:-

| Financial Period/ Year Ended | ← Audited → | |
|--|---------------------|---------------------|
| | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 |
| Trade receivables (RM'000) | 78 | 1,695 |
| Revenue (RM'000) | 315 | 8,233 |
| Trade receivables's turnover period (days) | 33 | 39 |

Note:

^ based on average trade receivables balances

The trade receivables ageing analysis as at 31 December 2009 is as set out below:

| | 0 - 30 days | 31 - 60 days | 61 - 90 days | Extended credit period | Total |
|-----------------------------------|-------------|--------------|--------------|---------------------------|--------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 31 December 2009 | 223 | 134 | 23 | 1,315 | 1,695 |
| % of trade receivables | 13.2 | 7.9 | 1.4 | 77.5 | 100.0 |

The normal credit terms ranged from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis. Customers are given extended credit period based on several factors, amongst others, the scope of the projects undertaken, length of relationship and creditworthiness. All trade receivables are receivable in Ringgit Malaysia.

There was no overdue debtors as at 31 December 2009. As at the date of this report, EA MSC has collected RM572,416 subsequent to the FYE 31 December 2009.

vii) Other receivables and deposits

| Financial Period/ Year Ended | ← Audited → | |
|------------------------------|---------------------|---------------------|
| | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 |
| Other receivable | - | 600 |
| Deposits | 5 | 5 |
| | <u>5</u> | <u>605</u> |

Other receivable of RM600,000 consist of the balance of the RM1.2 million grant awarded by a governmental agency to EA MSC. As at the date of this report, this amount has been collected by EA MSC.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

viii) Cash and cash equivalents

| Financial Period/ Year Ended | ← Audited → | |
|------------------------------|---------------------|---------------------|
| | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 |
| Cash in hand | - | 3 |
| Cash at bank | 131 | 3 |
| | <u>131</u> | <u>6</u> |

ix) Retained profit

There is no restriction to the distribution of retained profit to the shareholder under the single tier tax system.

x) Trade payables

Detailed disclosure on trade payables are as follows:-

| Financial Period/ Year Ended | ← Audited → | |
|--|---------------------|---------------------|
| | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 |
| Trade payables | 6 | - |
| Purchases | 151 | 6,141 |
| Trade payables' turnover period (days) | 5 | - |

[^] based on average trade payables balances

The normal credit terms granted ranged from 30 to 90 days. All trade payables are payable in Ringgit Malaysia except for an amount of RM5,100 in FPE 31 December 2008 which are payable in United States Dollar and has been fully paid in FYE 31 December 2009.

xi) Amount due to holding company

| Financial Period/ Year Ended | ← Audited → | |
|------------------------------|---------------------|---------------------|
| | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 |
| EASS | <u>198</u> | <u>148</u> |

This amount is interest free, unsecured and has no fixed term of repayment.

xii) Dividend

There is no dividend declared during the relevant financial periods/ years. There is no fixed dividend policy.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7.4 CSS MSC**

CSS MSC was incorporated in Malaysia on 28 November 2005 under the Act as a private limited company under the name of Concorde Solutions & Services Sdn Bhd. On 19 January 2010, it changed its name to CSS MSC Sdn Bhd and assumed its present name.

CSS MSC is principally engaged in the provision of business intelligence software and development, IT service and management consulting and system integrations. The company was granted MSC status on 2 July 2009.

The changes in the CSS MSC's authorised share capital since its date of incorporation are as follows:-

| Date of creation | No. of ordinary shares | Par Value (RM) | ← Cumulative Total → | |
|------------------|------------------------|----------------|------------------------|-----------|
| | | | No. of ordinary shares | RM |
| 28.11.2005 | 100,000 | 1.00 | 100,000 | 100,000 |
| 22.09.2009 | 4,900,000 | 1.00 | 5,000,000 | 5,000,000 |

The changes in the CSS MSC's issued and fully paid-up share capital since its date of incorporation are as follows:-

| Date of creation | No. of ordinary shares | Par Value (RM) | Consideration | ← Cumulative Total → | |
|------------------|------------------------|----------------|---------------|------------------------|-----------|
| | | | | No. of ordinary shares | RM |
| 28.11.2005 | 100 | 1.00 | Cash | 100 | 100 |
| 05.09.2009 | 99,900 | 1.00 | Bonus Issue | 100,000 | 100,000 |
| 22.09.2009 | 1,400,000 | 1.00 | Cash | 1,500,000 | 1,500,000 |
| 28.10.2009 | 500,000 | 1.00 | Cash | 2,000,000 | 2,000,000 |

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7.4.1 Income Statement**

The following table sets out the summary of financial results prepared based on the audited financial statements of CSS MSC for the past three (3) FYE 31 December 2009:-

| Financial Year Ended | Notes | Audited | | |
|---|-------|-------------------------------|-------------------------------|-------------------------------|
| | | 31 December 2007 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Revenue | i | 2,318 | 3,858 | 3,352 |
| Cost of sales | i | (1,443) | (2,950) | (677) |
| Gross profit | | 875 | 908 | 2,675 |
| Other operating income | | 57 | 1,846 | 47 |
| Operating expenses | | (856) | (805) | (1,413) |
| Profit before interest and taxation | | 76 | 1,949 | 1,309 |
| Finance cost | | - | - | - |
| Profit before taxation | ii | 76 | 1,949 | 1,309 |
| Taxation | iii | (16) | (51) | (3) |
| Profit from ordinary activities | | 60 | 1,898 | 1,306 |
| Minority interest | | - | - | - |
| Profit after taxation and minority interest | | 60 | 1,898 | 1,306 |
| Gross profit margin (%) | | 37.7% | 23.5% | 79.8% |
| Profit before tax margin (%) | | 3.3% | 50.5% | 39.1% |
| Net profit after tax margin (%) | | 2.6% | 49.2% | 39.0% |
| Effective tax rate (%) | | 21.1% | 2.6% | 0.2% |
| No. of ordinary shares of RM1.00 each in issue ('000) | | * | * | 2,000 |
| Gross earnings per shares (RM) | | 760.0 | 19,490.0 | 0.66 |
| Net earnings per shares (RM) | | 600.0 | 18,980.0 | 0.65 |

Notes:-

- (i) *100 ordinary shares of RM1.00 each
- (ii) There were no extraordinary or exceptional items in all the financial years under review.
- (iii) There were no accounting policies which are peculiar to CSS MSC due to the nature of business or industry it is involved in and that would affect the determination of CSS MSC's income or financial position.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7.4.2 Balance Sheet**

The following table sets out the summary of the balance sheets prepared based on the audited financial statements of CSS MSC for the past three (3) FYE 31 December 2009:-

| As at | Notes | ← Audited → | | |
|--------------------------------|---------|---------------------|---------------------|---------------------|
| | | 31 December 2007 | 31 December 2008 | 31 December 2009 |
| | (7.4.5) | RM'000 | RM'000 | RM'000 |
| ASSETS | | | | |
| <i>Non-current assets</i> | | | | |
| Property, plant and equipment | iv | 24 | 322 | 305 |
| Total non-current assets | | 24 | 322 | 305 |
| <i>Current Assets</i> | | | | |
| Trade receivables | v | 300 | 1,627 | 2,318 |
| Other receivables and deposits | vi | - | - | 110 |
| Cash and cash equivalents | vii | 837 | 198 | 2,621 |
| Total current assets | | 1,137 | 1,825 | 5,049 |
| Total assets | | 1,161 | 2,147 | 5,354 |
| EQUITY AND LIABILITIES | | | | |
| <i>Capital and Reserves</i> | | | | |
| Share capital | | * | * | 2,000 |
| Retained profit | viii | 143 | 2,041 | 3,247 |
| Shareholders' Equity | | 143 | 2,041 | 5,247 |
| <i>Non-current liabilities</i> | | | | |
| Deferred taxation | ix | 4 | 38 | 38 |
| Total non-current liabilities | | 4 | 38 | 38 |
| <i>Current liabilities</i> | | | | |
| Trade payables | x | 972 | - | - |
| Other payables and accruals | xi | 9 | 18 | 67 |
| Provision for taxation | | 33 | 50 | 2 |
| Total current liabilities | | 1,014 | 68 | 69 |
| Total liabilities | | 1,018 | 106 | 107 |
| Total equity and liabilities | | 1,161 | 2,147 | 5,354 |

Note:

* 100 ordinary shares of RM1.00 each

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7.4.3 Statement of Changes in Equity**

The following table sets out the summary of the statement of changes of equity prepared based on the audited financial statements of CSS MSC for the past three (3) FYE 31 December 2009:-

| | ←----- Audited -----> | | |
|--|----------------------------|------------------------------|-----------------|
| | Share Capital RM'000 | Retained Profit RM'000 | Total RM'000 |
| Balance as at 1 January 2007 | * | 83 | 83 |
| Net profit for the financial year | - | 60 | 60 |
| Balance as at 31 December 2007 | * | 143 | 143 |
| Net profit for the financial year | - | 1,898 | 1,898 |
| Balance as at 31 December 2008 | * | 2,041 | 2,041 |
| Issuance of shares during the financial year | 1,900 | - | 1,900 |
| Bonus issue during the financial year | 100 | (100) | - |
| Net profit for the financial year | - | 1,306 | 1,306 |
| Balance as at 31 December 2009 | <u>2,000</u> | <u>3,247</u> | <u>5,247</u> |

Note:-
* 100 ordinary shares of RM1.00 each

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.****7.4.4 Cash Flow Statement**

The following table sets out the summary of cash flows prepared based on the audited financial statements of CSS MSC for the past three (3) FYE 31 December 2009:-

| Financial Year Ended | ← Audited → | | |
|--|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2007 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | 76 | 1,949 | 1,310 |
| Adjustments for: | | | |
| Depreciation | 5 | 35 | 79 |
| Interest income | (1) | (1) | (1) |
| Operating profit before working capital changes | 80 | 1,983 | 1,388 |
| Receivables | (15) | (1,327) | (802) |
| Payables | 778 | (963) | 49 |
| Cash (used in)/ from operation | 843 | (307) | 635 |
| Tax paid | - | - | (51) |
| Interest received | 1 | 1 | 1 |
| Net cash (used in) / from operating activities | 844 | (306) | 585 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of plant and equipment | (13) | (333) | (62) |
| Net cash used in investing activities | (13) | (333) | (62) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from the issuance of shares | - | - | 1,900 |
| Net cash from financing activities | - | - | 1,900 |
| NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS | 831 | (639) | 2,423 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 6 | 837 | 198 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 837 | 198 | 2,621 |
| CASH AND CASH EQUIVALENTS COMPRISE: | | | |
| Cash and bank balances: | 837 | 198 | 2,621 |

12. ACCOUNTANTS' REPORT (CONT'D)

CHONG & CO.

7.4.5 Notes to the Financial Statements

i) Revenue and cost of sales

The details of the revenues recorded and cost of sales incurred are as follows:-

| Financial Year Ended | Audited | | |
|--|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2007 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Revenue | | | |
| <i>Software & Solutions:</i> | | | |
| Business Intelligence and Data Warehousing | 595 | 2,064 | 2,305 |
| <i>ICT Services</i> | | | |
| ICT Consultancy | 1,723 | 1,794 | 1,047 |
| | <u>2,318</u> | <u>3,858</u> | <u>3,352</u> |
| Cost of Sales | | | |
| <i>Software & Solutions:</i> | | | |
| Business Intelligence and Data Warehousing | 81 | 1,700 | - |
| <i>ICT Services</i> | | | |
| ICT Consultancy | 1,362 | 1,250 | 677 |
| | <u>1,443</u> | <u>2,950</u> | <u>677</u> |

Notes:-

- (a) Revenue from Business Intelligence and data warehousing solutions were mainly derived from companies and financial institutions within the financial services industry. These consisted of customizable solutions developed and provided based on customers' requirements. CSS MSC also provided third (3rd) party products, in terms of software and services to complement its solutions.
- (b) Revenue derived from ICT consultancy consisted of fees from the provision of ICT systems consultancy mainly in ITSM solutions, business process consultancy and project and portfolio management system.
- (c) Cost of sales mainly comprise of third (3rd) party products and services from technological principals. CSS MSC purchased these items to be used as a base for its services and solutions. The costs of sales involved also included technical assistance which was mainly support services, installation and implementation services provided by the technological principals.

ii) Profit before taxation

This has been determined after charging/(crediting) the following items:-

| Financial Year Ended | Audited | | |
|-----------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2007 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Audit fee | 5 | 9 | 9 |
| Depreciation | 5 | 35 | 79 |
| Director's remuneration | - | - | 144 |
| Rental charges | 180 | 180 | 45 |
| Gain on sales of software license | - | (1,700) | - |
| Gain on foreign exchange | (56) | (145) | (46) |
| Interest received | (1) | (1) | (1) |

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

iii) Taxation

The provision for taxation for the financial year is computed at the prevailing tax rates.

| Financial Year Ended | ←----- Audited -----> | | |
|-------------------------------|-----------------------|---------------------|---------------------|
| | 31 December 2007 | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 | RM'000 |
| Provision for taxation | 14 | 17 | 2 |
| Under provision in prior year | - | - | 1 |
| Deferred taxation | 2 | 34 | - |
| | <u>16</u> | <u>51</u> | <u>3</u> |

The tax provision was provided in respect of business income for pre-pioneer period. No provision for taxation was made on business income from the period of July to December 2009 as the company was granted pioneer status under Section 4A of the Promotion of Investments (Amendment) Act, 1986, where the business income is tax exempted for a period of ten (10) years beginning from 2 July 2009. This is subject to agreement by the Inland Revenue Board.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rates of are as follows:-

| Financial Year Ended | ←----- Audited -----> | | |
|---|-----------------------|---------------------|---------------------|
| | 31 December 2007 | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 | RM'000 |
| Profit before taxation | <u>76</u> | <u>1,949</u> | <u>1,310</u> |
| Taxation | | | |
| - First RM500,000 @20% | 15 | 100 | 100 |
| - Balance @25% (2008 - 26%) | - | 377 | 202 |
| Expenses not deductible for tax purposes | 1 | 1 | 3 |
| Under provision in prior year | - | - | 1 |
| Effect of different tax rate on small and medium scale rate | - | - | (40) |
| Income not subject to tax | - | (412) | (247) |
| Current year deferred tax liability not recognised | - | - | (16) |
| Deferred tax assets recognised during the year | - | (15) | - |
| | <u>16</u> | <u>51</u> | <u>3</u> |

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

iv) Property, plant and equipment

| | Computer RM'000 | Office equipment RM'000 | Furniture and fittings RM'000 | Total RM'000 |
|---------------------------------------|--------------------|-------------------------------|-------------------------------------|-----------------|
| Net Book Value as at 1 January 2007 | 16 | - | - | 16 |
| Additions | 13 | - | - | 13 |
| Disposal | - | - | - | - |
| Depreciation | (5) | - | - | (5) |
| Net Book Value as at 31 December 2007 | 24 | - | - | 24 |
| Additions | 333 | - | - | 333 |
| Disposal | - | - | - | - |
| Depreciation | (35) | - | - | (35) |
| Net Book Value as at 31 December 2008 | 322 | - | - | 322 |
| Additions | 30 | 7 | 25 | 62 |
| Disposal | - | - | - | - |
| Depreciation | (76) | (1) | (2) | (79) |
| Net Book Value as at 31 December 2009 | 276 | 6 | 23 | 305 |

| | Computer RM'000 | Office equipment RM'000 | Furniture and fittings RM'000 | Total RM'000 |
|-------------------------------|--------------------|-------------------------------|-------------------------------------|-----------------|
| <i>As at 31 December 2007</i> | | | | |
| At cost | 34 | - | - | 34 |
| Accumulated depreciation | (10) | - | - | (10) |
| Net Book Value | 24 | - | - | 24 |
| <i>As at 31 December 2008</i> | | | | |
| At Cost | 367 | - | - | 367 |
| Accumulated Depreciation | (45) | - | - | (45) |
| Net Book Value | 322 | - | - | 322 |
| <i>As at 31 December 2009</i> | | | | |
| At Cost | 397 | 7 | 25 | 429 |
| Accumulated Depreciation | (121) | (1) | (2) | (124) |
| Net Book Value | 276 | 6 | 23 | 305 |

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

v) Trade receivables

Detailed disclosure on trade receivables are as follows:-

| Financial Year Ended | ←----- Audited -----> | | |
|--|-----------------------|---------------------|---------------------|
| | 31 December 2007 | 31 December 2008 | 31 December 2009 |
| Trade receivables (RM'000) | 300 | 1,627 | 2,319 |
| Revenue (RM'000) | 2,318 | 3,858 | 3,352 |
| Trade receivables's turnover period (days) ^ | 46 | 91 | 215 |

^ based on average trade receivables balances

The trade receivables ageing analysis as at 31 December 2009 is as set out below:

| | 0 - 30 days | 31 - 60 days | 61 - 90 days | Extended credit period | Total |
|-----------------------------------|-------------|--------------|--------------|---------------------------|--------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 31 December 2009 | - | - | - | 2,319 | 2,319 |
| % of trade receivables | - | - | - | 100.0 | 100.0 |

The customers owing to CSS MSC comprised mainly of financial institutions, of whose projects were completed and invoiced within the last four (4) months of the FYE 31 December 2009. Due to the length and scope of the projects, these customers were given extended credit period as the company continues to provide additional assistance to the customers, as the projects are still under the warranty period agreed upon.

As at the date of this report, CSS MSC has collected RM1,142,717 subsequent to the FYE 31 December 2009. There was no overdue debtor as at 31 December 2009. The company expects to collect these amounts within the next six (6) months.

The normal credit terms ranged from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis. Customers are given extended credit period based on several factors, amongst others, the scope of the projects undertaken, length of relationship and creditworthiness.

All trade receivables are receivable in Ringgit Malaysia except for FYE 31 December 2007 and 31 December 2008 in which certain trade receivables are receivable in EURO.

vi) Other receivables and deposits

| Financial Year Ended | ←----- Audited -----> | | |
|--------------------------------|-----------------------|---------------------|---------------------|
| | 31 December 2007 | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 | RM'000 |
| Prepayment of listing expenses | - | - | 84 |
| Deposits | - | - | 26 |
| | - | - | <u>110</u> |

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

vii) Cash and cash equivalents

Cash and cash equivalents comprised the following:-

| Financial Year Ended | ← Audited → | | |
|----------------------|---------------------|---------------------|---------------------|
| | 31 December 2007 | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 | RM'000 |
| Bank Balances | 837 | 198 | 2,621 |

viii) Retained profit

There is no restriction to the distribution of retained profit to the shareholder under the single tier tax system.

ix) Deferred taxation

| Financial Year Ended | ← Audited → | | |
|--------------------------------------|---------------------|---------------------|---------------------|
| | 31 December 2007 | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 | RM'000 |
| Balance at the beginning of the year | 2 | 4 | 38 |
| Recognised in the income statement | 2 | 34 | - |
| Balance at end of the year | 4 | 38 | 38 |

This is in respect of taxation effect on temporary differences arising from capital allowances claimed on property, plant and equipment in excess of its depreciation.

x) Trade payables

Detailed disclosure on trade payables are as follows:-

| Financial Year Ended | ← Audited → | | |
|--|---------------------|---------------------|---------------------|
| | 31 December 2007 | 31 December 2008 | 31 December 2009 |
| | RM'000 | RM'000 | RM'000 |
| Trade payables | 972 | - | - |
| Cost of sales | 1,443 | 2,950 | 677 |
| Trade payables' turnover period (days) ^ | 147 | - | - |

^ based on average trade payables balances

All trade payables are payable in Ringgit Malaysia.

12. ACCOUNTANTS' REPORT (CONT'D)**CHONG & CO.**

xi) Other payables and accruals

Other payables and accruals comprised the following:-

| Financial Year Ended | ← Audited → | | |
|----------------------|-------------------------------|-------------------------------|-------------------------------|
| | 31 December 2007 RM'000 | 31 December 2008 RM'000 | 31 December 2009 RM'000 |
| Accruals of expenses | 9 | 18 | 67 |

Accruals of expenses mainly consist of accrued auditors' remuneration, accrued staff related expenses and miscellaneous expenses.

xii) Dividend

There is no dividend declared during the relevant financial years. There is no fixed dividend policy.


8. SUBSEQUENT EVENTS

There were no significant subsequent events between the date of the last financial statements used in the preparation of this report and the date of this report, which may materially affect the contents of this report.

9. AUDITED FINANCIAL STATEMENTS

No audited financial statements of the Company and its subsidiaries have been made up in respect of the period subsequent to 31 December 2009.

Yours faithfully,


CHONG & CO.
 AF - 0524
 Chartered Accountants (M)


CHONG LIN
 882/3/12 (J)
 Proprietor

13. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF EAH GROUP

CHONG & CO. (AF-0524)

Chartered Accountants (M)

18 May 2010

The Board of Directors
EA Holdings Berhad
Unit J-3A-7 & J-3A-8
Level 3A, Block J
Solaris, Mont Kiara 2
50480 Kuala Lumpur

Dear Sirs

EA HOLDINGS BERHAD ("EAH" or the "Company")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION

We have reviewed the proforma consolidated financial information of EAH and its subsidiaries ("EAH Group" or "the Group") for the financial period ended ("FPE") 31 December 2007 to financial years ended ("FYE") 31 December 2009, together with the accompanying notes thereto, for which the Directors are solely responsible, as set out in the accompanying statements (initialled by us for the purpose of identification only), prepared for illustrative purposes for inclusion in the Prospectus of EAH to be dated 28 June 2010 in connection with the listing of and quotation for the entire issued and paid-up share capital of EAH on the ACE Market of Bursa Malaysia Securities Berhad and are based on certain assumptions and after making certain adjustments to show what:-

- i. the financial results of EAH Group for the FPE 31 December 2007 to FYE 31 December 2009 would have been if the group structure as at the date of the Prospectus had been in existence since the beginning of the earliest financial year being presented;
- ii. the financial position of EAH Group as at 31 December 2009 would have been if the group structure as at the date of the Prospectus had been in existence since the beginning of the FYE 31 December 2009; and
- iii. the cash flow of EAH Group for the FYE 31 December 2009 would have been if the group structure as at the date of the Prospectus had been in existence since the beginning of the FYE 31 December 2009.

It is the responsibility of the Directors of EAH to prepare the proforma consolidated financial information in accordance with the requirements of the Securities Commission's Prospectus Guidelines – Equity and Debt ("Guidelines"). Our responsibility is to form an opinion on the proforma consolidated financial information as required by the Guidelines and to report our opinion to you based on our work.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the audited financial statements, considering the evidence supporting the adjustments, and discussing the proforma consolidated financial information with the Directors of the Company.

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 the Group. Further, such information does not purport to predict the future financial position, results and cash flows of the Group.

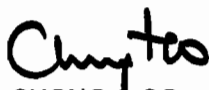
13. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF EAH GROUP (CONT'D)

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 the EAH 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.

We understand that this letter will be used solely for the purpose stated above, in connection with the aforementioned transactions. 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



CHONG & CO
AF - 0524
Chartered Accountants (M)



CHONG LIN
882/3/12 (J)
Proprietor

13. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF EAH GROUP (CONT'D)**EA HOLDINGS BERHAD ("EAH") AND ITS SUBSIDIARIES ("EAH GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION****1. PROFORMA GROUP AND BASIS OF PREPARATION****1.1 Proforma Group**

The proforma consolidated financial information of the EAH Group comprising the financial information of EAH, the financial information of EASS Sdn Bhd (*formerly known as Excellent Affair Sdn Bhd*) ("EASS"), consolidated financial information of EASS and its subsidiary, EA MSC Sdn Bhd ("EA MSC") ("EASS Group") and the financial information of CSS MSC Sdn Bhd (*formerly known as Concorde Solutions & Services Sdn Bhd*) ("CSS MSC") are presented for purpose of illustration only.

The relevant financial periods/ years for the purpose of this report are as follows:-

| Company | Relevant Financial Periods/ Years |
|----------------|--|
| EAH | 6 November 2009 to 31 December 2009 |
| EASS | FPE 31 December 2007 (i.e. from 22 September 2006 to 31 December 2007) ^{*1} |
| EASS Group | FYE 31 December 2008, FYE 31 December 2009 |
| CSS MSC | FYE 31 December 2007, FYE 31 December 2008, FYE 31 December 2009 |

The proforma consolidated financial of the EAH Group is prepared on the assumption that the EAH Group had been in existence throughout the financial period ended 31 December 2007, financial years ended 2008 and 2009. The proforma consolidated financial information comprises the following:-

- Section 2 - Proforma Consolidated Income Statements for the Relevant Financial Period;
- Section 3 - Proforma Consolidated Balance Sheets as at 31 December 2009; and
- Section 4 - Proforma Consolidated Cash Flow Statement for 1 January 2009 to 31 December 2009.

Note:-

^{*1} The income statement of EASS for the FPE 2007 has been adjusted to 15 months.

13. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF EAH GROUP (CONT'D)**EA HOLDINGS BERHAD ("EAH") AND ITS SUBSIDIARIES ("EAH GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****1. PROFORMA GROUP AND BASIS OF PREPARATION (CONT'D)****1.2 Basis of Preparation**

The proforma consolidated financial information is prepared using the audited financial statements of EASS, EASS Group and CSS MSC and the management account of EAH for the Relevant Financial Years/ Periods. We have not audited the financial statements of EAH as it did not commence operation as at 31 December 2009.

The proforma consolidated financial information has been prepared in accordance with Financial Reporting Standards ("FRS") in Malaysia consistent with those previously adopted in the preparation of the financial statements of the EAH Group for the financial period 6 November 2009 to 31 December 2009 and after incorporating adjustments that are appropriate for the preparation of the proforma consolidated financial information.

The proforma consolidated income statement of the EAH Group for the FPE 31 December 2007 included the equity interest of EASS and CSS MSC only, as EA MSC was only incorporated on 4 April 2008 as a subsidiary of EASS. The first financial period for EASS ended on 30 September 2007 (i.e. from 22 September 2006 to 30 September 2007) and the subsequent financial year end has been changed to 31 December (i.e. first financial period after the change will be 15 months from 1 October 2007 to 31 December 2008 in accordance with Section 168(1) of the Companies Act, 1965). In order to prepare the proforma consolidated income statement of the EAH Group for the FPE 31 December 2007, the income statement of EASS for the FPE 2007 has been adjusted to 15 months (i.e. from 22 September 2006 to 31 December 2007), to include 3 months from the subsequent financial period ended (i.e. from 1 October 2007 to 31 December 2008) while the income statement for the FPE 2008 has been adjusted to 12 months (i.e. 1 January 2008 to 31 December 2008).

The EAH Group has not adopted the following FRSs and Issues Committee ("IC") Interpretations that have been issued as the date of authorization of these financial statements are not yet effective for the Group:-

- (i) FRSs issued and effective for financial periods beginning on or after 1 January 2010:-

| | |
|---------|--|
| FRS 7 | Financial Instruments: Disclosures |
| FRS 139 | Financial Instruments: Recognition and Measurement |

The possible impact of FRS 7 and FRS 139 on the financial statements upon their initial application is not disclosed by virtue of the exemptions given in these standards.

- (ii) Amendments issued and effective for financial periods beginning on or after 1 January 2010:-

| | |
|--------------------------------|---|
| Amendments to FRS1 and FRS 127 | Cost of an investment in a subsidiary, Jointly Controlled Entity or Associate |
| Amendments to FRS 2 | Vesting Conditions and Cancellations |

The above amendments are not relevant to the EAH Group's operations.

13. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF EAH GROUP (CONT'D)**EA HOLDINGS BERHAD ("EAH") AND ITS SUBSIDIARIES ("EAH GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****1. PROFORMA GROUP AND BASIS OF PREPARATION (CONT'D)****1.2 Basis of Preparation (Cont'd)**

- (iii) IC Interpretations issued and effective for financial periods beginning on or after 1 January 2010:-

| | |
|----------------------|---|
| IC Interpretation 9 | Reassessment of Embedded Derivatives |
| IC Interpretation 10 | Interim Financial Reporting and Impairment |
| IC Interpretation 11 | FRS 2: Group and Treasury Share Transactions |
| IC Interpretation 13 | Customer Loyalty Programmes |
| IC Interpretation 14 | FRS 119: The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |

The above IC Interpretations are not relevant to the EAH Group's operations except for IC Interpretation 10 which will become relevant to the Group for the financial year ending 31 December 2010 and the subsequent financial years. IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reserved at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

The proforma consolidated balance sheets, together with accompanying notes thereto, which have been prepared solely for illustrative purposes, to show the effects of the following schemes had the schemes been implemented and completed on 31 December 2009:-

Restructuring and listing scheme

In conjunction with, and as an integral part of the listing of EAH on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company had implemented a restructuring exercise, involving the following:-

(a) Share Split

EAH had on 28 December 2009 undertook a share split of 100 ordinary shares to 1,000 ordinary shares by sub-dividing the par value of its ordinary shares of RM1.00 per share into RM0.10 per share.

Upon completion of the sub-division of the shares, the issued and paid-up share capital of EAH became RM100 comprising of 1,000 ordinary shares of RM0.10 each in EAH ("EAH Shares" or "Shares").

(b) Acquisitions

EAH had on 8 February 2010 entered into a sale and purchase of shares agreement with the vendors of EASS for the acquisition of 2,000,000 ordinary shares of RM1.00 each in EASS, representing 100% of the issued and paid-up share capital of EASS for a purchase consideration of RM5,500,000, which is to be satisfied by the issuance of 55,000,000 new EAH Shares at par to the respective vendors of EASS ("Acquisition of EASS").

13. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF EAH GROUP (CONT'D)**EA HOLDINGS BERHAD ("EAH") AND ITS SUBSIDIARIES ("EAH GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****1. PROFORMA GROUP AND BASIS OF PREPARATION (CONT'D)****1.2 Basis of Preparation (Cont'd)****Restructuring and listing scheme (Cont'd)****(b) Acquisitions (Cont'd)**

The Company had also, on 8 February 2010 entered into a sale and purchase of shares agreement with the vendors of CSS MSC for the acquisition of 2,000,000 ordinary shares of RM1.00 each in CSS MSC, representing 100% of the issued and paid-up share capital of CSS MSC for a purchase consideration of RM6,000,000, which is to be satisfied by the issuance of 60,000,000 new EAH Shares at par to the respective vendors of CSS MSC ("Acquisition of CSS MSC").

The total Purchase Considerations of RM11,500,000 for the Acquisition of EASS and Acquisition of CSS MSC ("Acquisitions") were arrived at on a willing-buyer willing-seller basis based on the audited net assets of EASS Group and CSS MSC as at 31 December 2009 of RM4,485,508 and RM5,247,549 respectively.

Upon completion of the Acquisitions, the issued and paid-up share capital of EAH will increase from RM100 comprising 1,000 EAH Shares to RM11,500,100 comprising 115,001,000 EAH Shares.

The total of 115,000,000 new EAH Shares issued pursuant to the Acquisition of EASS and Acquisition of CSS MSC rank *pari passu* in all aspect with the existing EAH Shares and carry all rights to receive, in full, all dividends and all distributions declared and paid subsequent to the allotment thereof.

(c) Public Issue

Upon completion of the Acquisitions, EAH will undertake a public issue of 40,000,000 new EAH Shares ("Issue Shares"), representing approximately 25.81% of the enlarged issued and paid-up share capital of EAH, at an issue price of RM0.25 per Issue Share to be allocated in the following manner:-

- i. 2,000,000 Issue Shares will be made available for application by the Malaysian Public;
- ii. 7,000,000 Issue Shares will be made available for application by the eligible Directors and employees of the Group; and
- iii. 31,000,000 Issue Shares will be made available for application by way of placement to identified investors.

The Issue Shares will rank *pari passu* in all aspects with the existing EAH Shares, except that the new EAH Shares will not be entitled to any dividends, rights, allotment or other distribution, the entitlements of which is prior to the date of allotment of the said EAH Shares.

Upon completion of the Public Issue, the issued and paid-up share capital of EAH will increase from RM11,500,100 comprising 115,001,000 EAH Shares to RM15,500,100 comprising 155,001,000 EAH Shares.

13. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF EAH GROUP (CONT'D)

EA HOLDINGS BERHAD ("EAH") AND ITS SUBSIDIARIES ("EAH GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

1. PROFORMA GROUP AND BASIS OF PREPARATION (CONT'D)

1.2 Basis of Preparation (Cont'd)

Restructuring and listing scheme (Cont'd)

(d) Offer for Sale

Mohammad Sobri Bin Saad and Norazian Binti Abdul Kudus, collectively offers for sale 18,000,000 EAH Shares ("Offer Shares"), representing approximately 11.61% of the enlarged issued and paid-up share capital of EAH, at an offer price of RM0.25 per Offer Share to identified investors by way of private placement.

(e) Listing

Upon completion of the Acquisitions, Public Issue and Offer for Sale, EAH will seek a listing of and quotation for its entire enlarged issued and paid-up share capital of RM15,500,100 comprising 155,001,000 EAH Shares on the ACE Market of Bursa Securities.

13. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF EAH GROUP (CONT'D)**EA HOLDINGS BERHAD ("EAH") AND ITS SUBSIDIARIES ("EAH GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****2. PROFORMA CONSOLIDATED INCOME STATEMENTS OF EAH GROUP**

The proforma consolidated income statements of EAH Group for the past three (3) financial years ended 31 December 2009 are provided for illustrative purpose based on the audited financial statements of EASS, EASS Group and CSS MSC and the management account of EAH, assuming that the EAH Group has been in existence throughout the financial period/ years under review.

| | FPE 31 December 2007 RM'000 | FYE 31 December 2008 RM'000 | FYE 31 December 2009 RM'000 |
|---|--------------------------------------|--------------------------------------|--------------------------------------|
| Revenue | 4,377 | 8,289 | 13,892 |
| Cost of sales | (2,524) | (6,137) | (8,126) |
| Gross profit | 1,853 | 2,152 | 5,766 |
| Other operating income | 59 | 2,155 | 950 |
| Operating expenses | (1,696) | (2,287) | (3,039) |
| Operating profit | 216 | 2,020 | 3,677 |
| Finance cost | - | - | - |
| Profit before taxation | 216 | 2,020 | 3,677 |
| Taxation | (50) | (76) | (36) |
| Profit after taxation | 166 | 1,944 | 3,641 |
| Earnings before interest, taxation, depreciation and amortisation ("EBITDA") | 235 | 2,092 | 3,871 |
| Gross profit margin (%) | 42.33 | 25.96 | 41.51 |
| Profit before tax margin (%) | 4.93 | 24.38 | 26.47 |
| Net profit after tax margin (%) | 3.79 | 23.46 | 26.21 |
| Effective tax rate (%) ¹ | 23.15 | 3.76 | 0.98 |
| Earnings per shares (Sen):- | | | |
| - Basic (net) | 0.14 | 1.69 | 3.17 |
| - Diluted ² | - | - | - |
| No. of ordinary shares in EAH had EAH Group been in existence ('000) ³ | 115,001 | 115,001 | 115,001 |
| NA (RM'000) | 2,249 | 4,194 | 9,735 |
| NA per share (RM) | 0.02 | 0.04 | 0.08 |
| NTA (RM'000) | 2,249 | 4,194 | 9,735 |
| NTA per share (RM) | 0.02 | 0.04 | 0.08 |
| Current ratio (times) | 3.03 | 28.89 | 87.37 |
| Borrowings (RM'000) | - | - | - |
| Gearing ratio (times) | - | - | - |

Notes:-

¹ The effective tax rates were computed to include the deferred tax effects and any under or over provision of tax pertaining to the previous period/ years

² Diluted earnings per share is not provided as there were no potential ordinary shares to be issued throughout the financial period/ years under review

³ Based on the issued and paid-up share capital of 115,001,000 ordinary shares of RM0.10 each immediately prior to the Public Issue

⁴ There were no exceptional or extraordinary items throughout the financial period/ years under review

⁵ There were no minority interest for all the financial period/ years under review

13. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF EAH GROUP (CONT'D)

EA HOLDINGS BERHAD ("EAH") AND ITS SUBSIDIARIES ("EAH GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

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

2.1 Basis of Preparation

The proforma consolidated income statements of the EAH Group for the FPE 31 December 2007 to FYE 31 December 2009, for which the Directors of EAH are solely responsible, have been prepared for illustrative purposes to present the results of EAH Group had the transactions described in note 1.2(a) and (b) implemented and completed since the beginning of the earliest financial year being presented.

The proforma consolidated income statements of the EAH Group for the FPE 31 December 2007 include EASS and CSS MSC only, as EA MSC was only incorporated on 4 April 2008 as a subsidiary of EASS. For the purpose of preparing the proforma consolidated income statements, the income statement of EASS for the FPE 2007 has been adjusted to 15 months (i.e. from 22 September 2006 to 31 December 2007), to include 3 months from the subsequent financial period ended (i.e. from 1 October 2007 to 31 December 2008) while the income statement for the FPE 2008 has been adjusted to 12 months (i.e. 1 January 2008 to 31 December 2008).

The abovementioned financial statements have been prepared in accordance with FRS in Malaysia.

In addition the proforma income statement of EAH Group has been prepared using the following assumption:-

- a) The earnings per share is computed based on the profit for the year over 115,001,000 EAH Shares in issue immediately before the Public Issue.

13. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF EAH GROUP (CONT'D)

EA HOLDINGS BERHAD ("EAH") AND ITS SUBSIDIARIES ("EAH GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. PROFORMA CONSOLIDATED BALANCE SHEETS OF EAH GROUP AS AT 31 DECEMBER 2009

The proforma consolidated balance sheets of EAH Group as at 31 December 2009 as set out below are provided for illustrative purpose only to show the effects of the transactions as mentioned in Sections 3.1, 3.2 and 3.3 of this Proforma Consolidated Financial Information on the assumption that these transactions were completed on 31 December 2009.

| | Note | As at 31 December 2009 ^{*2} RM'000 | Proforma I After the Acquisitions RM'000 | Proforma II After I and the Public Issue and Offer for Sale RM'000 | Proforma III After II and utilisation of proceeds RM'000 |
|---|------|--|---|---|--|
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 3.4 | - | 763 | 763 | 763 |
| Goodwill on consolidation | 3.5 | - | 1,765 | 1,765 | 1,765 |
| | | - | 2,528 | 2,528 | 2,528 |
| Current assets | | | | | |
| Inventories | 3.6 | - | 245 | 245 | 245 |
| Trade receivables | 3.7 | - | 5,304 | 5,304 | 5,304 |
| Other receivables, deposits and prepayments | 3.8 | - | 997 | 997 | 723 |
| Cash and cash equivalents | 3.9 | - ^{*1} | 2,628 | 12,628 | 11,402 |
| | | - ^{*1} | 9,174 | 19,174 | 17,674 |
| TOTAL ASSETS | | - ^{*1} | 11,702 | 21,702 | 20,202 |
| EQUITY AND LIABILITIES | | | | | |
| Share capital | | | | | |
| Share capital | 3.10 | - ^{*1} | 11,500 | 15,500 | 15,500 |
| Share premium | 3.11 | - | - | 6,000 | 4,500 |
| Total equity | | - ^{*1} | 11,500 | 21,500 | 20,000 |
| Non-current liabilities | | | | | |
| Deferred tax liabilities | 3.12 | - | 97 | 97 | 97 |
| | | - | 97 | 97 | 97 |
| Current liabilities | | | | | |
| Other payables | 3.13 | - | 103 | 103 | 103 |
| Provision for taxation | 3.14 | - | 2 | 2 | 2 |
| | | - | 105 | 105 | 105 |
| Total liabilities | | - | 202 | 202 | 202 |
| TOTAL EQUITY AND LIABILITIES | | - ^{*1} | 11,702 | 21,702 | 20,202 |
| Number of shares ('000) | | 1 ^{*2} | 115,001 | 155,001 | 155,001 |
| NA (RM'000) | | - ^{*1} | 11,500 | 21,500 | 20,000 |
| NA per share (RM) | | 0.10 | 0.10 | 0.14 | 0.13 |
| NTA (RM'000) | | - ^{*1} | 9,735 | 19,735 | 18,235 |
| NTA per share (RM) | | 0.10 | 0.08 | 0.13 | 0.12 |
| Borrowings (RM'000) | | - | - | - | - |
| Gearing ratio (times) | | - | - | - | - |

Notes:-

^{*1} Representing RM100

^{*2} EAH was incorporated on 6 November 2009 with an issued and paid-up share capital of RM100 comprising of 100 shares of RM1.00 each in EAH. On 28 December 2009, the Company undertook a share split of 100 ordinary shares to 1,000 ordinary shares by sub-dividing the par value of its ordinary shares of RM1.00 per share into RM0.10 per share

13. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF EAH GROUP (CONT'D)**EA HOLDINGS BERHAD ("EAH") AND ITS SUBSIDIARIES ("EAH GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF EAH GROUP (CONT'D)****3.1 Proforma I**

Proforma I incorporates the effect of the following acquisitions by EAH of:-

- i. the entire issued and paid-up share capital of EASS comprising 2,000,000 ordinary shares of RM1.00 each in EASS for a purchase consideration of RM5,500,000 which is to be satisfied by the issuance of 55,000,000 new EAH Shares at par to the respective vendors of EASS. The Acquisition of EASS was completed on 8 February 2010.
- ii. the entire issued and paid-up share capital of CSS MSC comprising 2,000,000 ordinary shares of RM1.00 each in CSS MSC for a purchase consideration of RM6,000,000 which is to be satisfied by the issuance of 60,000,000 new EAH Shares at par to the respective vendors of CSS MSC. The Acquisition of CSS MSC was completed on 8 February 2010.

3.2 Proforma II

Proforma II incorporates the effects of Proforma I and the following transactions:-

- i. the public issue of 40,000,000 Issue Shares, at an issue price of RM0.25 per Issue Share, giving rise to a share premium of RM6,000,000.
- ii. the offer for sale of 18,000,000 Offer Shares, at an offer price of RM0.25 per Offer Share to identified investors by way of private placement. The Offer for Sale has no financial impact on the EAH Group.

Thereafter, the entire issued and paid-up share capital of EAH of RM15,500,100 comprising 155,001,000 EAH Shares shall be listed on the ACE Market of Bursa Securities.

The total gross proceeds from the Public Issue is RM10,000,000.

3.3 Proforma III

Proforma III incorporates the effects of Proforma II and Utilisation of Proceeds. The proceeds will be utilised as follows:-

| | Amount RM'000 | Percentage of gross proceeds % |
|--------------------------------|--------------------------|---|
| Business expansion | 3,000 | 30.0 |
| Enhance R&D capabilities | 2,000 | 20.0 |
| Working capital | 3,500 | 35.0 |
| Estimating listing expenses ** | 1,500 | 15.0 |
| | 10,000 | 100.0 |

Note:-

** The estimated listing expenses for the Listing of RM1,500,000 is to be written off against the share premium account under Section 60 of the Companies Act, 1965

13. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF EAH GROUP (CONT'D)**EA HOLDINGS BERHAD ("EAH") AND ITS SUBSIDIARIES ("EAH GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF EAH GROUP (CONT'D)****3.4 PROPERTY, PLANT AND EQUIPMENT**

The details of property, plant and equipment are illustrated below:-

| | Cost RM'000 | Accumulated depreciation RM'000 | Net book value RM'000 |
|------------------------|------------------------|--|--------------------------------------|
| Computer | 823 | (228) | 595 |
| Furniture and fittings | 25 | (2) | 23 |
| Office equipment | 26 | (7) | 19 |
| Renovation | 110 | (33) | 77 |
| Mould | 58 | (9) | 49 |
| | <u>1,042</u> | <u>(279)</u> | <u>763</u> |

3.5 GOODWILL ON CONSOLIDATION

Goodwill on consolidation represents goodwill arising from the acquisition of its subsidiaries, i.e. EASS and CSS MSC.

3.6 INVENTORIES

Inventories are stated at cost and consist of computer hardware and electronics components as follows:-

| | RM'000 |
|----------------|---------------|
| Finished goods | 170 |
| Raw materials | 75 |
| | <u>245</u> |

3.7 TRADE RECEIVABLES

The details of the trade receivables are as follows:-

| | RM'000 |
|-------------------|---------------|
| Trade receivables | <u>5,304</u> |

13. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF EAH GROUP (CONT'D)**EA HOLDINGS BERHAD ("EAH") AND ITS SUBSIDIARIES ("EAH GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF EAH GROUP (CONT'D)****3.8 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

The details of the other receivables, deposits and prepayments are as follows:-

| | RM'000 |
|--|---------------|
| <u>As at 31 December 2009/ As at Proforma I</u> | |
| Other receivables | 601 |
| Deposits | 122 |
| Prepayments | 274 |
| | <u>997</u> |
| <u>Proforma III</u> | |
| Prepayment of listing expenses charged to shared premium | (274) |
| | <u>723</u> |

3.9 CASH AND CASH EQUIVALENTS

| | RM'000 |
|---|---------------|
| <u>As at 31 December 2009/ As at Proforma I</u> | 2,628 |
| Add: Proceeds from Public Issue | 10,000 |
| Proforma II | <u>12,628</u> |
| <u>Proforma III</u> | |
| Less: Payment of listing expenses ^{*1} | (1,226) |
| | <u>11,402</u> |

Note:-

*1 *Payment of listing expenses comprise of:-*

| | RM'000 |
|--|---------------|
| <i>Estimated listing expenses</i> | 1,500 |
| <i>Less: Expenses paid up to 31 December 2009 included under other prepayments</i> | (274) |
| <i>Balance of listing expenses to be paid after the Listing</i> | <u>1,226</u> |

13. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF EAH GROUP (CONT'D)

EA HOLDINGS BERHAD ("EAH") AND ITS SUBSIDIARIES ("EAH GROUP")**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF EAH GROUP (CONT'D)****3.10 SHARE CAPITAL**

As at the date of this report, the authorised share capital of EAH is RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each.

The issued and paid-up share capital of EAH as of the date of this report is RM11,500,100 comprising 115,001,000 ordinary shares of RM0.10 each.

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

| | Number of ordinary shares (^{'000}) | Amount of Share Capital RM ^{'000} |
|---|--|---|
| As at 6 November 2009 (date of incorporation) | - ^{*1} | - ^{*2} |
| Subdivision of shares, at RM0.10 each/ As at 31 December 2009 | 1 | - ^{*2} |
| <u>Proforma I</u> | | |
| Acquisition of subsidiary companies | 115,000 | 11,500 |
| | 115,001 | 11,500 |
| <u>Proforma II & III</u> | | |
| Public Issue and Listing | 40,000 | 4,000 |
| | 155,001 | 15,500 |

Notes:-

^{*1} Representing 100 ordinary shares of RM1.00 each

^{*2} Representing RM100

13. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF EAH GROUP (CONT'D)**EA HOLDINGS BERHAD ("EAH") AND ITS SUBSIDIARIES ("EAH GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF EAH GROUP (CONT'D)****3.11 SHARE PREMIUM**

The movements in the share premium of EAH are as follows:-

| | RM'000 |
|--|---------------|
| As at 31 December 2009/ As at Proforma I | - |
| <u>Proforma II</u> | |
| Public Issue | 6,000 |
| <u>Proforma III</u> | |
| Estimated listing expenses ** | (1,500) |
| | <u>4,500</u> |

Note:-

** *The estimated listing expenses of RM1,500,000 is to be written off against the share premium account under Section 60 of the Companies Act, 1965*

The share premium is not distributable by way of cash dividends and may be utilised only in the manner set out in Section 60(3) of the Companies Act, 1965.

3.12 DEFERRED TAX

| | RM'000 |
|------------------------------|---------------|
| At the beginning of the year | 62 |
| Transfer to income statement | 35 |
| At the end of the year | <u>97</u> |

This is in respect of taxation effect on temporary differences arising from capital allowances claimed on property, plant and equipment in excess of its depreciation charges.

3.13 OTHER PAYABLES AND ACCRUALS

The details of the other payables and accruals are as follows:-

| | RM'000 |
|----------|---------------|
| Accruals | <u>103</u> |

13. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF EAH GROUP (CONT'D)**EA HOLDINGS BERHAD ("EAH") AND ITS SUBSIDIARIES ("EAH GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED BALANCE SHEETS OF EAH GROUP (CONT'D)****3.14 PROVISION FOR TAXATION**

| | RM'000 |
|----------------------------------|---------------|
| At start of the financial year | 85 |
| Add: Current year tax provision | 2 |
| Underprovision in prior year | (1) |
| | <u>86</u> |
| Less: Payment during the year | (84) |
| At the end of the financial year | <u>2</u> |

3.15 BASIS OF PREPARATION

The proforma consolidated balance sheet of the EAH Group for the FYE 31 December 2009 for which the Directors of EAH are solely responsible, have been prepared for illustrative purposes to show the effects of the transactions described in Notes 1.2(a), (b), (c) and (d) on the management account of EAH had they been implemented and completed on 31 December 2009.

The proforma consolidated balance sheet have been prepared based on the accounting policies and basis consistent with those adopted by the EAH Group in the presentation of their audited financial statements for the FYE 31 December 2009 which have been prepared in accordance with FRS in Malaysia and after elimination of all inter-company transactions and balances on consolidation.

13. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF EAH GROUP (CONT'D)**EA HOLDINGS BERHAD ("EAH") AND ITS SUBSIDIARIES ("EAH GROUP")****PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****4. PROFORMA CONSOLIDATED CASH FLOW STATEMENT OF EAH GROUP**

The proforma consolidated cash flow statement of EAH Group as set out below is provided for illustrative purpose only based on the assumption that the EAH Group has been in existence throughout the financial year under review.

| | FYE 31 December 2009 RM'000 |
|---|--------------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | |
| Profit before taxation | 3,677 |
| Adjustments for:- | |
| Depreciation | 193 |
| Interest income | (4) |
| Operating profit before working capital changes | 3,866 |
| Increase in inventories | (14) |
| Increase in trade and other receivables | (3,420) |
| Increase in other payables | 66 |
| Cash from operation | 498 |
| Tax paid | (84) |
| Interest received | 4 |
| Net cash from operating activities | 418 |
| CASH FLOW FROM INVESTING ACTIVITIES | |
| Purchase of property, plant and equipment | (131) |
| Net cash used in investing activities | (131) |
| CASH FLOW FROM FINANCING ACTIVITIES | |
| Proceeds from issue of shares | 1,900 |
| Net cash from financing activities | 1,900 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 2,187 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 441 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 2,628 |
| CASH AND CASH EQUIVALENTS COMPRISE:- | |
| Cash and bank balances: | 2,628 |

13. PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF EAH GROUP (CONT'D)

EA HOLDINGS BERHAD ("EAH") AND ITS SUBSIDIARIES ("EAH GROUP")

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4. PROFORMA CONSOLIDATED CASH FLOW STATEMENT OF EAH GROUP (CONT'D)

4.1 BASIS OF PREPARATION

The proforma consolidated cash flow statement of EAH Group for the FYE 31 December 2009, for which the Directors of EAH are solely responsible, has been prepared based on the audited financial statements of EASS Group and CSS MSC and the management account of EAH as at 31 December 2009 to show the effects of the transactions described in Notes 1.2(a) and (b) on the management account of EAH had they been implemented and completed since the beginning of the FYE 31 December 2009 and that EAH Group had been in existence throughout the financial year under review.

The proforma consolidated cash flow statement has been prepared based on accounting principles and basis consistent with those normally adopted in the preparation of audited financial statements of EAH Group for the FYE 31 December 2009 which have been prepared in accordance with FRS in Malaysia and after elimination of all inter company transactions and the balances on consolidation.

14. DIRECTORS' REPORT



EA HOLDINGS BERHAD (878041-A)
Units J-3A-7 & J-3A-8, Level 3A, Block J, Solaris Mont Kiara, No.2, Jalan Solaris, 50480 Kuala Lumpur
Tel: (603) 6204 0050 | Fax: (603) 6204 0051 | Web: www.eah.com.my

Registered Office:
149A, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

- 9 JUN 2010

The Shareholders of EA Holdings Berhad

EA Holdings Berhad ("EAH" or "Company")

Dear Sir/ Madam

On behalf of the Board of Directors of EAH, I wish to report that, after making due enquiries in relation to the Company and its subsidiaries ("Group") during the period between 31 December 2009, being the date to which the last audited financial statements of our Group have been made up, and the date hereof, being a date not earlier than 14 days before the date of this Prospectus:-

- (a) In the opinion of the Directors, the business of our Group has been satisfactorily maintained;
- (b) In the opinion of the Directors, no circumstances have arisen since the last audited financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;
- (c) The current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) No contingent liabilities have arisen by reason of any guarantees or indemnities given by our Group;
- (e) Since the last audited financial statements of our Group, the Directors are not aware of any default or any known event that could give rise to a default situation, in respect of payments of either interest or principal sums in relation to any borrowings; and
- (f) Save as disclosed in this Prospectus, there have been no material changes to the published reserves or any unusual factors affecting the profits of our Group since the last audited financial statements of our Group.

Yours faithfully,
For and on behalf of the Board of Directors of
EA HOLDINGS BERHAD

A handwritten signature in black ink, appearing to read 'Mohammad Sobri Bin Saad', is written over the printed name and title.

MOHAMMAD SOBRI BIN SAAD
Group Chairman/ Chief Executive Officer/ Executive Director

15. OTHER GENERAL INFORMATION

15.1 Share Capital

- i. No shares will be allotted or issued on the basis of this Prospectus later than 12 months after the date of issue of this Prospectus.
- ii. We have no founder, management or deferred Shares in our Group. As at the date of this Prospectus, we only have one (1) class of shares, namely ordinary shares of RM0.10 each, all of which rank equally with one another.
- iii. Save as disclosed in this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company and our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two (2) years immediately preceding the date of this Prospectus.
- iv. Save for the Issue Shares reserved for our eligible Directors and employees as disclosed in Sections 3.6.1(ii) of this Prospectus:-
 - a) none of our Group's Director or employee has been or is entitled to be given or has exercised any option to purchase or subscribe for any shares, stocks or debentures of our Company or our subsidiaries; and
 - b) there is currently no scheme involving our Directors or employees of our Company or our subsidiaries.
- v. Neither our Company nor our subsidiaries have any capital that is under any option, or agreed conditionally or unconditionally to be put under option as at the date of this Prospectus.
- vi. Neither our Company nor our subsidiaries have any outstanding convertible debt securities as at the date of this Prospectus.

15.2 Articles of Association

The following provisions are reproduced from our Company's Articles of Association ("Articles"). The words, terms and expressions appearing in the following provision shall bear the same meanings used in the Articles unless they are otherwise defined here or the context otherwise requires:-

i. **Transfer of securities**

The provisions of our Articles in respect of the arrangements for the transfer of our Shares and the restrictions on their free transferability are as follows:-

Article 26

The transfer of any listed securities or class of listed securities of the Company which have been deposited with the Depository, shall be by way of book entry by the Depository in accordance with Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed securities.

15. OTHER GENERAL INFORMATION (CONT'D)

Article 32

Subject to the Central Depositories Act, 1991 and the Rules, the personal representatives of a deceased member of security shall be the only persons recognised by the Company as having any title to the shares.

Article 33

Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence being produced as may from time to time properly be required by the Depository and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the Depository shall in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the security by the Member before his death or bankruptcy PROVIDED ALWAYS that where the share is a deposited security, subject to the Rules of Depository, a transfer of the share may be carried out by the person becoming so entitled.

Article 34

If any person so becoming entitled elects to register himself, he shall deliver or send to the Company and Depository, notice in writing signed by him stating that he so elects, provided that where the share is a Deposited Security and the person becoming entitled elects to have the share transferred to him, the aforesaid notice must be served by him on the Depository. If he elects to have another person register, he shall testify his election by executing to that person a transfer. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfer of security shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer signed by that member.

Article 35

A person becoming entitled to a security by reason of death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the security, except that he shall not, before being registered as a member in respect of the security, be entitled in respect of it to exercise any right conferred to membership in relation to meeting of the company.

ii. Remuneration of our Directors

The provisions of our Articles dealing with the remuneration and benefits of our Directors are as follows:-

Article 95

The Directors shall be paid by way of remuneration for their services, such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS THAT:

15. OTHER GENERAL INFORMATION (CONT'D)

- (a) fees payable to Directors who hold non-executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) salaries and other emoluments payable to Directors who hold an executive office in the Company may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting;
- (d) any Director holding office for a part of a year shall be entitled to a proportionate part of such fee; and
- (e) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 96

- (1) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board Meetings of the Company or any committee of the Directors of the Company.
- (2) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors of the Company, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.

Article 97

Any director who is appointed to any executive office or who serves on any committee or who service which in the opinion of the directors are outside the scope of ordinary duties of a director may be paid such extra remuneration by way of salary, percentage of profits or otherwise but not by way of commission on or percentage of turnover as the directors may determine.

15. OTHER GENERAL INFORMATION (CONT'D)

Article 98

The director shall also have power and shall be deemed always to have had power to establish and maintain and to concur with associated companies in establishing and maintaining any schemes or funds for providing pensions, sickness or compassionate allowance, life assurance or other benefit for staff (including any director for the time being holding any executive office or any office of profit) or employees of the company or of any such associated company and for the widows or other dependants of such persons and to make contributions out of the company's moneys for any such schemes or funds.

iii. Voting and borrowing powers of Directors, including voting powers in relation to proposals, arrangements or contracts in which they are interested

The provisions of our Articles dealing with the voting and borrowing powers of our Directors are as follows:-

Article 102

- (1) The Directors may exercise all the powers of the Company (but not those of any of its subsidiaries) to borrow money or to mortgage or charge its undertaking, property, uncalled capital, or any part thereof, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party which is related to the Company by way of enquiry, subject to the Act.
- (2) 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.

Article 103

The Directors may establish or arrange any contributory or non-contributory pension or superannuation scheme for the benefit of, or pay a gratuity, pension or emolument to any person who is or has been employed by or in the service of the Company or any subsidiary of the Company, or to any person who is or has been a Director or other officer of and holds or has held salaried employment in the Company or any such subsidiary, and the widow, family or dependants of any such person. The Directors may also subscribe to any association or fund which they consider to be for the benefit of the Company or any such subsidiary or any such person as aforesaid and make payments for or towards any hospital or scholastic expenses and any Director holding such salaried employment shall be entitled to retain any benefit received by him hereunder subject only, where the Act requires proper disclosure to the Members and the approval of the Company in general meeting.

Article 104

The Directors may exercise all the powers of the Company conferred by the Act in relation to any official Seal for use outside Malaysia and in relation to branch registers.

15. OTHER GENERAL INFORMATION (CONT'D)

Article 109

Subject always to Sections 131, 131A, 132E, 132F and such other applicable sections of the Act, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise nor shall any such contracts, 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 relationship thereby established.

Article 119

A director shall not vote in respect of any contract or proposed contract or arrangement in which he has direct or indirect interest (and if he shall do so his vote shall not be counted).

Article 121

Subject to *Article 119*, a Director may vote in respect of:-

- (a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

iv. Changes in capital and variation of class rights

The provisions of our Articles dealing with changes in capital and variations of class rights which are as stringent as those provided in the Act are set out below:-

15. OTHER GENERAL INFORMATION (CONT'D)

Article 7

If at any time the share capital is divided into different classes of shares, the rights attached to any class shall be expressed either herein or in the resolution creating the same and may subject to the provisions of the Act whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the Holders of three-fourths (3/4) of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate General Meeting of the Holders of the shares of that class. To every such separate General Meetings the quorum shall be two (2) persons at least holding or representing by proxy one-tenth (1/10) of the issued shares of the class and that any Holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of section 152 of the Act shall with such adaptations as are necessary apply. A resolution in writing signed by all the Holders of a class or if all the shares in a class are held by one sole Holder a resolution in writing signed by such sole Holder shall have the same effect and validity as a Special Resolution of the Holders of the class passed at a separate General Meeting of the Holders of that class duly convened, held and constituted and may consist of several documents in the like form each signed by one or more such Holders and if a Holder is a corporation, then such resolution shall be signed by its representatives.

Article 8

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

v. Transmission of securities from foreign register

Article 36

- i. the securities of the Company are listed on an another stock exchange; and
- ii. the Company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) Act 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Depository in respect of such securities,

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of other stock exchange, to the register of holders maintained by the registrar of the company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.

15. OTHER GENERAL INFORMATION (CONT'D)

15.3 Substantial Shareholders, Promoters, Directors and Key Management and Technical Personnel

- i. The names, description and addresses of our Directors are set out in Section 1 of this Prospectus.
- ii. Our Directors are not required to hold any qualification share in our Company unless otherwise so fixed by the Company in general meeting.
- iii. Save as disclosed in Section 8.8 of this Prospectus, no amount or benefits have been paid or intended to be paid or given to our Promoters, substantial shareholders and Directors within two (2) years preceding the date of this Prospectus.
- iv. Save as disclosed in Sections 10.6 and 15.5 of this Prospectus, none of our Directors or substantial shareholders have any interest in any contracts or arrangements subsisting which is significant in relation to the business of our Group taken as a whole as at the date of this Prospectus.
- v. Save for our Promoters and substantial shareholders as disclosed in Section 8.1 of this Prospectus, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company.
- vi. Save as disclosed in this Prospectus, none of our Directors are aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

15.4 Material Litigation

As at the LPD, neither our Company nor our subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and our Board are not aware of any proceedings pending or threatened against our Group or any facts likely to give rise to any proceedings which might materially and adversely affect our Group's financial position or business.

15.5 Material Contracts

Save as disclosed below, as at the date of this Prospectus, neither our Company nor our subsidiaries have entered into any materials contracts (including contracts not in writing, not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Prospectus:-

- i. A sale and purchase of shares agreement dated 8 February 2010 entered into between Mohammad Sobri Bin Saad and Norazian Binti Abdul Kudus and our Company for the acquisition by our Company of 2,000,000 EASS Shares, representing 100% of the issued and paid-up share capital of EASS for a total consideration of RM5,500,000 satisfied via the issuance of 55,000,000 new EAH Shares upon terms and conditions therein contained. The transaction was completed on 8 February 2010;
- ii. A sale and purchase of shares agreement dated 8 February 2010 entered into between Mohammad Sobri Bin Saad and Norazian Binti Abdul Kudus and our Company for the acquisition by our Company of 2,000,000 CSS MSC Shares, representing 100% of the issued and paid-up share capital of CSS MSC for a total consideration of RM6,000,000 satisfied via the issuance of 60,000,000 new EAH Shares upon terms and conditions therein contained. The transaction was completed on 8 February 2010;

15. OTHER GENERAL INFORMATION (CONT'D)

- iii. Placement letter agreement dated 18 May 2010 made by our placement agent and accepted by our Company to place out to identified investors up to 31,000,000 IPO Shares for a placement fee of up to 2.0% of the Issue Price of each IPO Share upon terms and conditions therein contained. Further details are set out in Section 3.12.3 of this Prospectus; and
- iv. Underwriting Agreement dated 18 May 2010 made between our Company and OSK as our underwriter to underwrite 2,000,000 IPO Shares for an underwriting commission of 2.0% of the Issue Price of each IPO Share upon terms and conditions therein contained. Further details are set out in Section 3.12.1 and 3.13 of this Prospectus.

15.6 Public Take-Overs

None of the following has occurred since our incorporation on 6 November 2009 and up to the LPD:-

- i. public take-over offers by third parties in respect of our Company's Shares; and
- ii. public take-over offers by our Company in respect of other companies' shares.

15.7 General

- i. The nature of our business and the names of all corporations which are by virtue of Section 6 of the Act deemed to be related to us are set out in Section 5 of this Prospectus.
- ii. The manner in which copies of this Prospectus together with the Application Forms may be obtained and the details of the procedures for Application is set out in Section 16 of this Prospectus.
- iii. The times of the opening and closing for the Application List of the Public Issue are set out in Section 16.
- iv. The amount payable in full on application is RM0.25 per IPO Share.
- v. We have not established any place of business outside Malaysia.
- vi. Apart from the listing on the ACE Market, we are not listed and we do not intend to seek listing on any other stock exchange as at the date of this Prospectus.

15.8 Expenses and Commission

- i. Save as disclosed in Section 3.12 of this Prospectus, there has been no commission, discounts, brokerage or other special terms granted or paid by our Group within the two (2) years preceding the date of this Prospectus in connection with the issue or sale of any of our Shares or debentures for subscribing or agreeing to subscribe or procuring or agreeing to procure subscription for any Shares or debentures of our Group and no Director or proposed Director or Promoters is entitled to receive any such payment.
- ii. Expenses incidental to our listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market amounting to approximately RM1.50 million will be borne by us.

15. OTHER GENERAL INFORMATION (CONT'D)

15.9 Consents

- i. The written consents of our Sponsor, Adviser, Underwriter and Placement Agent, Solicitors, Principal Bankers, Share Registrar, Issuing House and Company Secretary to the inclusion in this Prospectus of their names in the form and context in which their names appear have been given before the issue of this Prospectus, and have not subsequently been withdrawn;
- ii. The written consents of our Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, the Accountants' Report and letters relating to the Proforma Consolidated Financial Information in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn; and
- iii. The written consents of The Star (Star Publications (Malaysia) Berhad), The Edge (The Edge Communications Sdn Bhd), PIKOM and PIKOM (for Outsourcing Malaysia website) to the inclusion in this Prospectus of their names and statements in the form and context in which their names appear have been given before the issue of this Prospectus, and have not subsequently been withdrawn.

15.10 Documents Available for Inspection

Copies of the following documents may be inspected at our registered office of our Company during normal business hours (except public holidays) for a period of 12 months from the date of this Prospectus:-

- i. The Memorandum and Articles of Association of our Company;
- ii. The Accountants' Report as included in Section 12 of this Prospectus;
- iii. The Reporting Accountants' letter on the proforma consolidated financial information of EAH Group as at 31 December 2009 as included in Section 13 of this Prospectus;
- iv. The Directors' Report as included in Section 14 of this Prospectus;
- v. The material contracts referred to in Sections 15.5 of this Prospectus;
- vi. The letters of consents referred to in Section 15.9 of this Prospectus;
- vii. The audited financial statements of EASS for the financial period from 22 September 2006 (date of incorporation) to 30 September 2007, fifteen (15)-month financial period from 1 October 2007 to 31 December 2008 and the FYE 31 December 2009;
- viii. The audited financial statements of CSS MSC for the FYE 31 December 2007, FYE 31 December 2008 and FYE 31 December 2009; and
- ix. The audited financial statements of EA MSC for the financial period from 4 April 2008 (date of incorporation) to 31 December 2008 and the FYE 31 December 2009.

15. OTHER GENERAL INFORMATION (CONT'D)

15.11 Responsibility Statements

- i. This Prospectus has been seen and approved by our Directors, Promoters and/ or Offerors and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after having made all reasonable enquiries that, to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.
- ii. OSK, being our Sponsor, Adviser, Underwriter and Placement Agent acknowledges that, based on all available information and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating to the IPO.

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16. PROCEDURE FOR APPLICATION AND ACCEPTANCE

16.1 Opening and Closing of Application

Applications will be accepted from 10.00 a.m. on 28 June 2010 and will close at 5.00 p.m. on 8 July 2010 for such further period or periods as our Directors, Promoters, Offerors and our Underwriter in their absolute discretion may decide. Late applications will not be accepted.

If the closing date of the application period is extended, the dates of the balloting, allotment and Listing would be extended accordingly. Any extension of the closing date for application will be advertised in a widely-circulated English as well as Bahasa Malaysia newspaper in Malaysia.

Copies of the Application Forms together with this Prospectus may be obtained, subject to availability, from MIH, OSK and ADAs which are registered members of Bursa Securities.

16.2 Methods of Application

Applications for the IPO Shares may be made using any of the following:-

- i. Application Form; or
- ii. Electronic Share Application; or
- iii. Internet Share Application.

16.3 Procedures for Application

Applications must be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles of Association. You agree to be bound by our Memorandum and Articles of Association.

FULL INSTRUCTIONS FOR THE APPLICATION OF THE IPO SHARES AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. YOU ARE ADVISED TO READ THE APPLICATION FORMS AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

16.3.1 Application by the Malaysian Public

Applications for 2,000,000 Issue Shares made available for application by the Malaysian Public must be made on the **White Application Forms** provided or by way of Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application. The amount payable in full on application is RM0.25 per Issue Share.

16.3.2 Application by our eligible Directors and employees of our Group

Applications for 7,000,000 Issue Shares made available for application by our eligible Directors and employees of our Group must be made on the **Pink Application Form** provided only and **NOT** by way of other Application Forms or by way of Electronic Share Application or Internet Share Application. The amount payable in full on application is RM0.25 per Issue Share.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

The eligible Directors and employees of our Group are not precluded from making additional applications using the **White Application Forms** under the Malaysian Public category. The eligible Directors and employees of our Group who have been successfully allocated Issue Shares may also, at the discretion of our Directors, be allocated Issue Shares under the public offer to the Malaysian Public.

16.3.3 Application by identified Investors by way of placement

Applications for 31,000,000 Issue Shares and 18,000,000 Offer Shares made available for application by the identified investors must be made on the **Application Form** provided only and **NOT** by way of other Application Forms or by way of Electronic Share Application or Internet Share Application. The amount payable in full on application is RM0.25 per Issue Share or Offer Share.

Investors under the placement are not precluded from making additional applications using the **White Application Forms** under the Malaysian Public category. If you have been successfully allocated Issue Shares or Offer Shares under the placement, you may also, at the discretion of our Directors, be allocated Issue Shares under the public offer to the Malaysian Public.

A summary of the method of applications are set out below:-

| Class of Applicants | Application Method |
|--|--|
| i. Our eligible Directors and employees of our Group | Pink Application Forms only |
| ii. Malaysian Public | |
| • Corporations or institutions | White Application Forms only |
| • Individuals | White Applications Forms or Electronic Share Application or Internet Share Application |
| iii. Investors identified by way of placements | Application Forms only |

You can submit only one (1) application for the IPO Shares. For example, if you submit an application using an Application Form, you may not submit an application by way of Electronic Share Application or Internet Share Application and vice versa. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or by way of Internet Share Application.

You **must have a CDS account** before you can submit your application by way of Application Forms or by way of Electronic Share Application or by way of Internet Share Application.

Directors and employees of MIH and their immediate families are strictly prohibited from applying for the IPO Shares in this exercise.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

16.4 Applications Using Application Forms**16.4.1 Types of Application Forms**

The following relevant Application Forms issued with the notes and instructions enclosed with this Prospectus are deemed to form an integral part hereof:-

- i. **White** Application Forms for application by Malaysian Public;
- ii. Application Forms for application by identified investors; and
- iii. **Pink** Application Forms for applications by the eligible Directors and employees of our Group.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability from the following parties:-

- i. OSK;
- ii. Participating organisations of Bursa Securities;
- iii. Members of the Association of Banks in Malaysia;
- iv. Members of the Malaysian Investment Banking Association; and
- v. MIH.

The submission of an Application Form does not necessarily mean that your application will be successful.

You may submit only one (1) Application Form and your application must be for 100 Shares or multiples thereof. **Multiple applications will not be accepted.** We wish to caution you that if you submit multiple applications in your own name or by using the name of others, with or without their consent, you will be committing an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to ten (10) years under Section 182 of the CMSA.

Your application for the IPO Shares must be made on the respective Application Form accompanying this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and on this Prospectus. Our Directors may at their absolute discretion not accept applications which do not **STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible.

If you are an individual other than a member of the armed forces or police, your name and national registration identity card ("NRIC") number must be exactly the same as stated in:-

- i. a) your NRIC;
- b) any valid temporary identity document as issued by the National Registration Department from time to time; or

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- c) Your "Resit Pengenalan Sementara (JPN KP 09)" issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara 1990; and
- ii. the Record of Bursa Depository.

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be exactly the same as that stated in your authority card and your address must be the address of your respective camp, base or station.

If you are a corporate or institution, the name and the certificate of incorporation number must be exactly the same as that stated in the corporation's or institution's certificate of incorporation and the address must be the registered address.

We together with MIH will not issue any acknowledgement of the receipt of your Application Forms or application monies.

16.4.2 Terms and conditions for application using Application Forms

Your applications by way of Application Forms shall be made on, and subject to, the following terms and conditions:-

- i. If you are an individual, you must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address.
- ii. If you are a corporation or institution incorporated in Malaysia, you must have a CDS account and be subject to the following:-
 - a) If you have a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
 - b) There is a majority of Malaysian citizens on the board of Directors or trustee.

If you are a corporation or institution incorporated outside Malaysia, you must have a CDS account and provide a correspondence address in Malaysia.

- iii. If you are a superannuation, provident or pension fund, you must be established or operating in Malaysia and have a CDS account.
- iv. Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnership or other incorporated bodies or associations, other than corporations or institutions referred to in Section 16.4.2(ii) and (iii) above or the trustees thereof.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- v. Application for the IPO Shares must be made on the respective Application Forms issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed therein shall constitute an integral part of this Prospectus. Our Directors may at their absolute discretion not accept applications which do not **strictly** conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible.
- vi. Your completed Application Form must be accompanied by remittance in RM for the full amount payable by any of the following:-
- a) BANKER'S DRAFT or CASHIER'S ORDER purchased within Malaysia only and drawn on a bank in Kuala Lumpur; or
 - b) MONEY ORDER or POSTAL ORDER (for Applicants from Sabah and Sarawak only); or
 - c) GUARANTEED GIRO ORDER ("GGO") from Bank Simpanan Nasional Malaysia Berhad; or
 - d) ATM STATEMENT obtained from any of the following financial institutions:-
 - Affin Bank Berhad;
 - Alliance Bank Malaysia Berhad;
 - AmBank (M) Berhad;
 - CIMB Bank Berhad;
 - EON Bank Berhad;
 - Hong Leong Bank Berhad;
 - Malayan Banking Berhad;
 - Public Bank Berhad; or
 - RHB Bank Berhad.

and must be made out in favour of **"MIH SHARE ISSUE ACCOUNT NUMBER 483"** and crossed **"A/C PAYEE ONLY"** (excluding ATM statements) and endorsed on the reverse side with your name and address.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

We will not accept applications accompanied by any mode of payments other than those stated above or with excess or insufficient remittances or inappropriate banker's drafts, cashier's orders, money orders, postal orders, GGO or ATM statement. Details of the remittances must be completed in the appropriate boxes provided in the Application Forms.

- vii. You must state your CDS Account number in the space provided in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS Account to MIH and/ or our Company. If you do not presently have a CDS Account, you may open one by contacting any of the ADAs listed in Section 16.11 of this Prospectus.
- viii. Your name and address must be written on the reverse side of the banker's draft, cashier's order, money orders, postal orders, GGO or ATM statement.
- ix. Our Directors reserves the right to require you, if your application is successful, to appear in person at the registered office of MIH within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of your application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- x. MIH, on the authority of our Directors, reserves the right to reject your application if it does not conform to these instructions or if it is illegible or if it is accompanied by remittances improperly drawn.
- xi. MIH, on the authority of our Directors, reserves the right not to accept your application or to accept it in whole or in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
- xii. Where your application is not accepted or accepted in part only, the full amount or the balance of your application monies, as the case may be, will be returned without interest and shall be despatched to you within ten (10) market days from the date of the final ballot of the Application Lists by ordinary post or registered post at your address registered with Bursa Depository or where your application is not accepted because you have not provided a CDS account, to the address per the National Registration Identity Card or "Resit Pengenalan Sementara (JPN KP 09)" or any valid temporary identity document as issued by the National registration Department from time to time or the Authority Card in the case of armed forces or police personnel, at your own risk.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- xiii. You shall ensure that your personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- xiv. MIH, on authority of our Directors reserves the right to bank in all application monies from unsuccessful applicants and partially successful applicants, which would subsequently be refunded without interest and shall be despatched to you within ten (10) Market Days from the date of the final ballot of the Application Lists by ordinary post or registered post at your address registered with Bursa Depository, at your own risk.
- xv. Your completed Application Form together with the appropriate remittance and legible photocopy of the relevant documents, must be despatched by **ordinary post** in the official envelopes provided, to the following address:-

Malaysian Issuing House Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
P.O. Box 13269
50804 Kuala Lumpur

or **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, so as to arrive not later than 5.00 p.m. on 8 July 2010, or such other later dates or dates as our Directors and our Underwriter in their absolute discretion may decide.

- xvi. Please direct all your enquiries in respect of the White Application Form to MIH.

16.5 Applications Using Electronic Share Application

16.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- i. You must have an account with a Participating Financial Institution (as detailed in Section 16.5.2 below) and an ATM card issued by that Participating Financial Institution to access the account.
- ii. You must have a CDS Account.
- iii. You are to apply for the Issue Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set forth in Section 16.5.3 below.

You are to enter at least the following information through the ATM where the instructions on the ATM screen at which you enter your Electronic Share Application requires you to do so:-

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- Your Personal Identification Number ("PIN");
- MIH Share Issue Account Number 483;
- Your CDS Account number;
- Number of Issue Shares applied for and/ or the RM amount to be debited from the account; and
- You are to confirm several mandatory statements.

16.5.2 Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:-

- Affin Bank Berhad;
- AmBank (M) Berhad;
- Bank Muamalat Malaysia Berhad;
- CIMB Bank Berhad;
- EON Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- OCBC Bank (Malaysia) Berhad;
- RHB Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only).

16.5.3 Terms and Conditions for Electronic Share Applications

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("Steps"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in 16.5.1 above. The Steps set out the actions that you must take at the ATM to complete an Electronic Share Application. You are advised to read and understand the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application. Any reference to "applicant" in the terms and conditions for Electronic Share Applications and the Steps shall refer to you, if you apply for the Issue Shares through an ATM of any of the Participating Financial Institutions.

You must be an individual with a CDS account to make an Electronic Share Application.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

You must have an existing bank account with, and be an ATM cardholder of, one (1) of the Participating Financial Institutions before you can make an Electronic Share Application at an ATM of that Participating Financial Institution. An ATM card issued by one (1) of the Participating Financial Institutions cannot be used to apply for the Issue Shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of your Electronic Share Application. The Transaction Record is only a record that you have completed a transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by us or MIH. The Transaction Record is for your retention and should not be submitted with any Application Form.

Upon the closing of the offer for the application for our Issue Shares on 8 July 2010 at 5.00 p.m. ("Closing Date and Time"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the Issue Shares to MIH as soon as practicable but not later than 12.00 p.m. of the second (2nd) business day after the Closing Date and Time.

You will be allowed to make an Electronic Share Application for the Issue Shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which you have an account and its branches, subject to you making only one (1) application. If you have a bank account with a Participating Financial Institution and have been issued an ATM card, you will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to you making only one (1) application.

You must ensure that you use your own CDS account number when making an Electronic Share Application. If you operate a joint account with any Participating Financial Institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your own name. Your application will be rejected if you fail to comply with the foregoing conditions.

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions as set out below:-

- i. Your Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.
- ii. You are required to confirm the following statement (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:-
 - You have attained 18 years of age as at the closing date of the share application;
 - You are a Malaysian citizen residing in Malaysia;
 - You have read the relevant Prospectus and understood and agreed with the terms and conditions of this application;
 - This is the only application that you are submitting; and

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- You give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to MIH and other relevant authorities.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the Steps required by the Participating Financial Institution. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act 1989 and Section 45 of the Securities Industry (Central Depositories) Act 1991, to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of your particulars to MIH or any other relevant regulatory bodies.

- iii. You confirm that you are not applying for the Issue Shares as a nominee of any other persons and that any Electronic Share Application that you make is made by you as the beneficial owner. You shall only make one (1) Electronic Share Application and shall not make any other application for the Issue Shares, whether at the ATMs of any Participating Financial Institutions, on the prescribed Application Forms or via Internet Share Application.
- iv. You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. We will reject any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is made.
- v. You agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Transaction Record or any lesser number of Issue Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot any lesser number of such Issue Shares or not to allot or allocate any Issue Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key or buttons on the ATM) of the number of Issue Shares applied for shall signify, and shall be treated as, your acceptance of the number of Issue Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles of Association.
- vi. MIH on the authority of our Directors reserves the right to reject or accept any Electronic Share Application in whole or in part only on a non-discriminatory basis without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating the Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- vii. If your Electronic Share Application is unsuccessful or successful in part only, MIH shall inform the relevant Participating Financial Institution of the unsuccessful or partially successful applications within two (2) Market Days after the balloting date. Where your Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies or the balance of it, as the case may be, in RM (without interest or any share of revenue or benefit arising therefrom) into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from MIH. You may check your accounts on the fifth (5th) Market Day from the balloting day.
- viii. If your Electronic Share Application is successful in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into your account with the Participating Financial Institution within two (2) Market Days after the receipt of confirmation from MIH. We will, however, hold in reserve a number of applications to replace any successfully balloted applications that are subsequently rejected. If your application is held in reserve, are subsequently rejected, your application monies without interest will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by MIH by way of cheques issued by MIH and despatched by ordinary post or registered post. The cheque will be issued to you within ten (10) Market Days from the day of the final ballot. Should you encounter any problems in your applications, you may refer to the Participating Financial Institutions.
- ix. You request and authorise us:-
- a) to credit the Issue Shares allotted or allocated to you into your CDS account; and
 - b) to issue share certificate(s) representing such Issue Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- x. You, acknowledging that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control and the control of MIH or the Participating Financial Institutions or Bursa Depository, irrevocably agree that if:-
- a) we or MIH do/ does not receive your Electronic Share Application; or
 - b) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to us or MIH;

you shall be deemed not to have made an Electronic Share Application and you shall not claim whatsoever against us, MIH, the Participating Financial Institutions or Bursa Depository for the Issue Shares applied for or for any compensation, loss or damage.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- xi. All your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct and we, MIH and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- xii. You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- xiii. By making and completing an Electronic Share Application, you agree that:-
 - a) in consideration of our Company agreeing to allow and accept the making of any application for the Issue Shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;
 - b) we, the Participating Financial Institutions, Bursa Depository and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application to us due to a breakdown, failure of transmission or communication facilities, or to any cause beyond our/ their control;
 - c) notwithstanding the receipt of any payment by us or on our behalf, the acceptance of your offer to subscribe for and purchase the Issue Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the Issue Shares;
 - d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/ or other documents required for the issue or transfer of the Issue Shares allotted or allocated to you; and
 - e) you agree that in the event of legal disputes arising from the use of the Electronic Share Application, our mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- xiv. Our Directors reserves the right to require you, if your application is successful, to appear in person at the registered office of MIH within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of your application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- xv. MIH on the authority of our Directors reserves the right to reject your applications, if it does not conform to these instructions.
- xvi. A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

16.6 Applications Using Internet Share Application

16.6.1 Steps for Internet Share Application

The exact steps for Internet Share Application for the Issue Shares are as set out on the Internet financial services websites of the Internet Participating Financial Institutions.

For illustration purposes only, we have set out below possible steps of an application of the Issue Shares using Internet Share Application. The steps set out the actions that you must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

- i. Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account. You are advised not to apply for the Issue Shares through any website other than the Internet financial services website of the Internet Participating Financial Institution.
- ii. Login to the Internet financial services facility by entering your user identification and PIN/ password.
- iii. Navigate to the section of the website on applications in respect of initial public offerings.
- iv. Select the counter in respect of the Issue Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- v. Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- vi. At the next screen, complete the online application form.
- vii. Check that the information contained in the online application form such as the share counter, NRIC number, CDS account number, number of Issue Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- viii. By confirming such information, you will undertake that the following mandatory statements are true and correct:-
 - a) You have attained 18 years of age as at the closing date of the share application;

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- b) You are a Malaysian citizen residing in Malaysia;
- c) You have, prior to making the Internet Share Application, received and/ or had access to a printed/ electronic copy of this Prospectus, the contents of which you have read and understood;
- d) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the Issue Shares;
- e) The Internet Share Application is the only application that you are submitting for the Issue Shares;
- f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the Issue Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
- g) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/ or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to MIH and the Authorised Financial Institution, the SC and any other relevant authority;
- h) You are not applying for the Issue Shares as a nominee of any other person and the application is made in your own name as beneficial owner and subject to the risks referred to in this Prospectus; and
- i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, us, Bursa Securities or other relevant parties in connection with the IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Applications services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Applications services.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- ix. Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application of the IPO.
- x. As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the application of the IPO is being made.
- xi. Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
- xii. You are advised to print out the Confirmation Screen for reference and retention.

16.6.2 Terms and Conditions for Internet Share Application

Your application for the Issue Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

You are advised not to apply for the Issue Shares through any website other than the internet financial services website of the Internet Participating Financial Institutions.

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:-

- Malayan Banking Berhad at www.maybank2u.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- RHB Bank Berhad at www.rhbbank.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- CIMB Investment Bank Berhad at www.eipocimb.com; or
- CIMB Bank Berhad at www.cimbclicks.com.my; or
- Affin Bank Berhad at www.affinOnline.com

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS AND THE PROCEDURES SET OUT IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS BEFORE MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR THE INTERNET SHARE APPLICATIONS IN RESPECT OF THE ISSUE SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

An Internet Share Application shall be made on and shall be subject to the terms and conditions as set out below:-

- i. In order to make an Internet Share Application, you must:-
 - a) be an individual with a CDS account;
 - b) have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your user identification ("User ID") and PIN/ password for the relevant Internet financial services facilities; and
 - c) be a Malaysian citizen and have a Malaysian address.

You are advised to note that a User ID and PIN/ password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the Issue Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- ii. An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Memorandum and Articles of Association.
- iii. You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given is true and correct:-
 - a) You have attained 18 years of age as at the date of the application for the Issue Shares;
 - b) You are a Malaysian citizen residing in Malaysia;
 - c) You have, prior to making the Internet Share Application, received and/ or have had access to a printed/ electronic copy of this Prospectus, the contents of which you have read and understood;
 - d) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the Issue Shares;
 - e) The Internet Share Application is the only application that you are submitting for the Issue Shares;
 - f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the Issue Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- g) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/ or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to MIH and the Authorised Financial Institution, the SC and any other relevant authority;
 - h) You are not applying for the Issue Shares as a nominee of any other person and the application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - i) You authorise the Internet Participating Financial Institution to disclose transfer to any person, including any government or regulatory authority in any jurisdiction, us, Bursa Securities or other relevant parties in connection with the IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- iv. Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details your Internet Share Application, including the number of Issue Shares applied for which can be printed out by you for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 16.6.2 (iii) above.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- v. You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for the Issue Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.
- vi. You irrevocably agree and undertake to subscribe for and to accept the number of Issue Shares applied for as stated on the Confirmation Screen or any lesser number of Issue Shares that may be allotted or allocated to you in respect of the Internet Share Application. In the event that we decide to allot or allocate any lesser number of such Issue Shares or not to allot or allocate any Issue Shares to you, you agree to accept our decision as final.

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of Issue Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:-

- a) Your acceptance of the number of Issue Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
 - b) Your agreement to be bound by our Memorandum and Articles of Association.
- vii. You are fully aware that multiple or suspected multiple Internet Share Applications for the Issue Shares will be rejected. MIH on the authority of our Directors reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating the Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for our shares.
 - viii. If your Internet Share Application is unsuccessful or successful in part only, MIH shall inform the relevant Internet Participating Financial Institution of the unsuccessful or partially successful Internet Share Application within two (2) Market Days after the balloting date. Where your Internet Share Application is unsuccessful, the relevant Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies or the balance of it, as the case may be, in RM (without interest or any share revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from MIH.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

If your Internet Share Application is successful in part only, the relevant Internet Participating Financial Institution will credit the balance of the application monies in RM (without interest or any share revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from MIH. We will, however, hold in reserve a number of applications to replace any successfully balloted applications that are subsequently rejected. If your application is held in reserve and is subsequently rejected, your application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by MIH by way of cheques issued and despatched by ordinary post or registered post. The cheques will be issued to you within ten (10) Market Days from the day of the final ballot.

For applications that are held in reserve and are subsequently unsuccessful (or partly successful), the Internet Participating Financial Institutions will arrange for a refund of the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within ten (10) Market Days from the day of the final ballot.

Except where MIH is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institutions to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult with the Internet Participating Financial Institutions through which your application was made in respect of the mode or procedure of enquiring on the status of the Internet Share Application in order to determine the status or exact number of Issue Shares allotted or allocated, if any, before trading of our Shares on Bursa Securities.

- ix. Internet Share Applications will be closed at 5.00 p.m. on 8 July 2010 or such other date(s) as our Directors and our Underwriter may in their absolute discretion mutually decide. An Internet Share Application is deemed to be received only upon its completion, that is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

x. You irrevocably agree and acknowledge that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control and the control of MIH or the Internet Participating Financial Institutions and the Authorised Financial Institutions. If in any such event, we, MIH and/ or the Internet Participating Financial Institutions and/ or the Authorised Financial Institutions do not receive your Internet Share Application and/ or the payment therefor, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an Internet Share Application and you shall not claim whatsoever against us, MIH or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the Issue Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

xi. All your particulars in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Share Application shall be deemed to be true and correct, and we, MIH, the relevant Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You shall ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application is liable to be rejected. The notification letter on successful allotment or allocation will be sent to your registered or correspondence address last maintained with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

xii. By making and completing an Internet Share Application, you are deemed to have agreed that:-

- a) In consideration of our Company agreeing to allow and accept the making of any application for the Issue Shares via the Internet Share Application facility established by the Internet Participating Financial Institution acting as agents of us, your Internet Share Application is irrevocable;
- b) You have irrevocably requested and authorised us to register the Issue Shares allotted or allocated to you for deposit into your CDS account;
- c) Neither us nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to MIH or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 16.6.2(x) herein or to any cause beyond their control;

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- d) You shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by MIH, us and/ or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/ or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;
 - e) The acceptance of your offer to subscribe for the Issue Shares for which your Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by us or on our behalf and not otherwise, notwithstanding the receipt of any payment by us or on our behalf;
 - f) You are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application;
 - g) In making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, our Underwriter and Adviser and any other person involved in the IPO shall not be liable for any information not contained in this Prospectus which you may have been relied on in making the Internet Share Application;
 - h) Our acceptance of your Internet Share Application and the contract resulting therefrom under the IPO shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the courts of Malaysia.
- xiii. The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- a) Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;
 - b) CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank Berhad or via Malayan Banking Berhad;
 - c) CIMB Bank Berhad (www.cimbclicks.com.my) – RM 2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
 - d) Affin Bank Berhad (www.affinOnline.com) – No fee will be charged for application by their account holders; and
 - e) RHB Bank Berhad (www.rhbbank.com.my) – RM2.50.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

16.7 Over/ Under-subscription

In the event of an over-subscription, acceptance of applications shall be subject to a ballot to be conducted in the manner approved by our Directors on a fair and equitable basis. We will give due consideration to the desirability of distributing our Shares to a reasonable number of applicants with a view of broadening our shareholding base and establishing an adequate market for our Shares.

Pursuant to the Listing Requirements, we are required to have at least 25% of our enlarged issued and paid-up capital to be held by a minimum number of 200 public shareholders holding not less than 100 Shares each, upon admission to the Official List. We expect to achieve this at the point of Listing. We may not be allowed to proceed with our Listing if the above requirement is not met pursuant to the IPO. In the event thereof, your monies paid in respect of your applications will be returned without interest. Our Directors will determine how the applications will be selected.

In the event of an under-subscription of Issue Shares by our Group's eligible Directors and employees, such Issue Shares will be made available for application by way of placement, failing which will be made available for application by the Malaysian Public.

In the event of an under-subscription of the Issue Shares by the Malaysian Public, such Issue Shares not taken up will then be offered to the identified investors by way of placement, if there is demand. Thereafter, any unsubscribed Issue Shares will be made available for subscription by our Underwriter.

16.8 Applications and Acceptances

MIH on the authority of our Directors reserves the right not to accept your application, if it does not strictly comply with the instructions or to accept your application in part only without assigning any reason therefor.

The submission of an Application Form does not necessarily mean that the application will be successful.

Directors and employees of MIH and their immediate families are strictly prohibited from applying for the IPO Shares.

Your applications must be for at least 100 Shares or multiples thereof.

IF YOUR APPLICATION IS REJECTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF YOUR APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED BY ORDINARY POST OR REGISTERED POST TO YOU WITHIN TEN (10) MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS AT YOUR ADDRESS LAST MAINTAINED WITH THE BURSA DEPOSITORY AT YOUR OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCES HAVING BEEN PRESENTED FOR PAYMENT.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

MIH ON THE AUTHORITY OF OUR DIRECTORS RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL APPLICANTS AND PARTIALLY SUCCESSFUL APPLICANTS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL APPLICANTS AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU WITHIN TEN (10) MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY ORDINARY POST OR REGISTERED POST AT YOUR ADDRESS LAST MAINTAINED WITH THE BURSA DEPOSITORY AT YOUR OWN RISK.

16.9 CDS Accounts

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as "Prescribed Securities". Therefore, the Issue Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Central Depositories Act, all dealings in our Shares will be by book entries through CDS accounts. We will not issue any share certificates to you.

16.9.1 Application by way of Applications Forms

Only if you have a CDS account can you make an application by way of an Application Form. If you apply using an Application Form, you should state your CDS account number in the space provided in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to MIH or us, and any relevant regulatory bodies, as the case may be. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for the IPO Shares.

16.9.2 Application by way of Electronic Share Applications

Only if you have a CDS account can you make an application by way of an Electronic Share Application. If you apply using an Electronic Share Application, you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so.

16.9.3 Application by way of Internet Share Applications

Only if you have a CDS account can you make an application by way of an Internet Share Application. In certain cases, you can only make an Internet Share Application if you have a CDS account opened with the Internet Participating Financial Institution. Subsequently, your CDS account number would automatically appear in the electronic online application form.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

If you fail to comply with these specific instructions or there is inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, your application may be rejected. If you are successful in your application but fail to state your CDS account number, MIH on the authority of Our Directors reserves the right to reject your application. MIH on the authority of our Directors also reserves the right to reject any incomplete and inaccurate application. We may also reject your application if your particulars provided in the Application Forms, or your records with the Participating Financial Institutions in the case of Electronic Share Application or Internet Participating Financial Institutions in the case of Internet Share Application, differ from those in Bursa Depository's records such as your identity card number, name and nationality.

16.10 Notice of Allotment

If your application is successful or partially successful, we will credit our Shares allotted to you to your CDS account. We will despatch a notice of allotment to you at your address last maintained with the Bursa Depository at your own risk prior to our Listing. For Electronic Share Applications or Internet Share Applications, the notice of allotment will be despatched to you at your address last maintained with the Bursa Depository at your own risk prior to our Listing. This is the only acknowledgement of acceptance of your application as we will not be issuing any share certificate to you.

You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of the Bursa Depository, failing which we shall send the notification letter on your allotment to your address last maintained with Bursa Depository.

You may also check the status of your application by logging on to MIH website at www.mih.com.my or by calling your respective ADAs at the telephone number as stated in Section 16.11 of this Prospectus or MIH at 03-7841 8000 or 03-7841 8289, between five (5) to ten (10) Market Days (during office hours only) after the balloting date.

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16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**16.11 List of ADAs**

The list of ADAs and their respective Broker Codes are as follows:-

| Name | Address and telephone number | Broker Code |
|---|--|--------------------|
| <u>KUALA LUMPUR</u> | | |
| A.A. ANTHONY SECURITIES SDN BHD | N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No : 03-62011155 | 078-004 |
| AFFIN INVESTMENT BANK BERHAD | Ground Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668 | 028-001 |
| ALLIANCE INVESTMENT BANK BERHAD | 17th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26976333 | 076-001 |
| AMINVESTMENT BANK BERHAD | 15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20782788 | 086-001 |
| MAYBANK INVESTMENT BANK BERHAD <i>(formerly known as Aseambankers Malaysia Berhad)</i> | Level 8, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888 | 098-001 |
| BIMB SECURITIES SDN BHD | 1st & 2nd Floor Podium Block, AMDB Building No. 1, Jalan Lumut 50400 Kuala Lumpur Tel No : 03-40433533 | 024-001 |
| CIMB INVESTMENT BANK BERHAD | 9th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Tel No : 03-20849999 | 065-001 |
| ECM LIBRA INVESTMENT BANK BERHAD | 3rd Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21781888 | 052-001 |
| ECM LIBRA INVESTMENT BANK BERHAD | Level 1, Avenue Building Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20891800 | 052-009 |
| HONG LEONG INVESTMENT BANK BERHAD <i>(formerly known as HLG Securities Sdn Bhd)</i> | Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03-21681168 | 066-001 |

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

| Name | Address and telephone number | Broker Code |
|--|--|--------------------|
| HWANGDBS INVESTMENT BANK BERHAD | 2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No : 03-77106688 | 068-009 |
| HWANGDBS INVESTMENT BANK BERHAD | Nos. 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5th Floor, Cheras Commercial Centre Jalan 5/ 101C Off Jalan KasKas, 5th Mile Cheras 56100 Kuala Lumpur Tel No : 03-91303399 | 068-012 |
| HWANGDBS INVESTMENT BANK BERHAD | 7th, 22nd, 23rd, & 23A Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-27116888 | 068-014 |
| INTER-PACIFIC SECURITIES SDN BHD | West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03-21171888 | 054-001 |
| INTER-PACIFIC SECURITIES SDN BHD | Ground Floor, 7-0-8 Jalan 3/ 109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No : 03-79847796 | 054-003 |
| INTER-PACIFIC SECURITIES SDN BHD | Stesyen Minyak SHELL Jalan 1/ 116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Tel No : 03-79818811 | 054-005 |
| JUPITER SECURITIES SDN BHD | 7th-9th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20341888 | 055-001 |
| KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD | 11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21688800 | 053-001 |
| KENANGA INVESTMENT BANK BERHAD | 8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21649080 | 073-001 |
| KENANGA INVESTMENT BANK BERHAD | No. 57-10, Level 10 The Boulevard, Mid Valley City Lingkaran Syed Putra 59000 Kuala Lumpur Tel No : 03-22871799 | 073-015 |
| M & A SECURITIES SDN BHD | Level 1-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No : 03-22821820 | 057-002 |

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

| Name | Address and telephone number | Broker Code |
|------------------------------------|--|--------------------|
| MERCURY SECURITIES SDN BHD | L-7-2, No. 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No : 03-62037227 | 093-002 |
| MIDF AMANAH INVESTMENT BANK BERHAD | 11th & 12th Floor, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-21738888 | 026-001 |
| MIMB INVESTMENT BANK BERHAD | Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No : 03-26910200 | 061-001 |
| OSK INVESTMENT BANK BERHAD | 20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No : 03-23338333 | 056-001 |
| OSK INVESTMENT BANK BERHAD | No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03-62575869 | 056-028 |
| OSK INVESTMENT BANK BERHAD | Ground Floor No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/ 3A Pandan Indah 55100 Kuala Lumpur Tel No : 03-42804798 | 056-054 |
| OSK INVESTMENT BANK BERHAD | Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90587222 | 056-058 |
| PM SECURITIES SDN BHD | Ground, Mezzanine, 1st & 10th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No : 03-21463000 | 064-001 |
| PUBLIC INVESTMENT BANK BERHAD | 27th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No : 03-20313011 | 051-001 |
| RHB INVESTMENT BANK BERHAD | Level 9, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-92873888 | 087-001 |
| TA SECURITIES HOLDINGS BERHAD | Floor 13-16, 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No : 03-20721277 | 058-003 |

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

| Name | Address and telephone number | Broker Code |
|---|---|--------------------|
| <u>SELANGOR DARUL EHSAN</u> | | |
| AFFIN INVESTMENT BANK BERHAD | 2nd, 3rd & 4th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439999 | 028-002 |
| AFFIN INVESTMENT BANK BERHAD | Lot 229, 2nd Floor, The Curve No. 6, Jalan PJU 7/ 3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77298016 | 028-003 |
| AMINVESTMENT BANK BERHAD | 4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/ 60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77106613 | 086-003 |
| HONG LEONG INVESTMENT BANK BERHAD <i>(formerly known as HLG Securities Sdn Bhd)</i> | 1st, 2nd & 3rd Floor Plaza Damansara Utama No. 2, Jalan SS 21/ 60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77246888 | 066-002 |
| HWANGDBS INVESTMENT BANK BERHAD | 16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah, E9/ E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No : 03-55133288 | 068-002 |
| HWANGDBS INVESTMENT BANK BERHAD | East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/ 1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56356688 | 068-010 |
| INTER-PACIFIC SECURITIES SDN BHD | No. 77 & 79, Jalan 2/3A Pusat Bandar Utara KM12, Jalan Ipoh Selayang 68100 Batu Caves Selangor Darul Ehsan Tel No : 03-61371888 | 054-006 |
| JF APEX SECURITIES BERHAD | 6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03-87361118 | 079-001 |

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

| Name | Address and telephone number | Broker Code |
|--------------------------------|---|--------------------|
| JF APEX SECURITIES BERHAD | 15th & 16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No : 03-76201118 | 079-002 |
| KENANGA INVESTMENT BANK BERHAD | 13th Floor, Menara Yayasan Selangor No. 18A, Jalan Persiaran Barat Off Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel No : 03-79562169 | 073-005 |
| KENANGA INVESTMENT BANK BERHAD | 1st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/ 1A 47620 Subang Jaya Selangor Darul Ehsan Tel No : 03-80241682 | 073-006 |
| KENANGA INVESTMENT BANK BERHAD | Suite 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan, 41300 Klang Selangor Darul Ehsan Tel No : 03-30057550 | 073-007 |
| KENANGA INVESTMENT BANK BERHAD | Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/ 3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77259095 | 073-016 |
| OSK INVESTMENT BANK BERHAD | 24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/ 63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78736366 | 056-011 |
| OSK INVESTMENT BANK BERHAD | No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03-87363378 | 056-045 |
| OSK INVESTMENT BANK BERHAD | Ground & 1st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No : 03-60928916 | 056-047 |
| OSK INVESTMENT BANK BERHAD | Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439180 | 056-048 |

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

| Name | Address and telephone number | Broker Code |
|-------------------------------------|---|--------------------|
| PM SECURITIES SDN BHD | No. 157 & 159, Jalan Kenari 23/ A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80700773 | 064-003 |
| PM SECURITIES SDN BHD | No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33415300 | 064-007 |
| SJ SECURITIES SDN BHD | Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40200 Shah Alam Selangor Darul Ehsan Tel No : 03-51920202 | 096-001 |
| TA SECURITIES HOLDINGS BERHAD | No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/ 5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80251880 | 058-005 |
| <u>MELAKA</u> | | |
| CIMB INVESTMENT BANK BERHAD | Ground, 1st & 2nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : 06-2898800 | 065-006 |
| ECM LIBRA INVESTMENT BANK BERHAD | 71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2881720 | 052-008 |
| MALACCA SECURITIES SDN BHD | No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Tel No : 06-3371533 | 012-001 |
| MERCURY SECURITIES SDN BHD | No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2921898 | 093-003 |
| OSK INVESTMENT BANK BERHAD | 579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No : 06-2825211 | 056-003 |
| PM SECURITIES SDN BHD | No. 11 & 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No : 06-2866008 | 064-006 |

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

| Name | Address and telephone number | Broker Code |
|--|--|--------------------|
| RHB INVESTMENT BANK BERHAD | Lot 7-13 & 15, 1st Floor Tabung Haji Building Jalan Bandar Kaba 75000 Melaka Tel No : 06-2833622 | 087-002 |
| <u>PERAK DARUL RIDZUAN</u> | | |
| A.A. ANTHONY SECURITIES SDN BHD | 29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6232328 | 078-009 |
| ALLIANCE INVESTMENT BANK BERHAD | No. 43 & 44, Ground Floor Taman Sentosa, Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6910910 | 076-008 |
| MAYBAN INVESTMENT BANK BERHAD <i>(formerly known as Aseambankers Malaysia Berhad)</i> | B-G-04 (Ground Floor), Level 1 & 2 42 Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2453400 | 098-002 |
| ECM LIBRA INVESTMENT BANK BERHAD | No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2422828 | 052-002 |
| ECM LIBRA INVESTMENT BANK BERHAD | No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6222828 | 052-006 |
| HONG LEONG INVESTMENT BANK BERHAD <i>(formerly known as HLG Securities Sdn Bhd)</i> | 51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2530888 | 066-003 |
| HWANGDBS INVESTMENT BANK BERHAD | Ground, Level 1, 2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No : 05-8066688 | 068-003 |
| HWANGDBS INVESTMENT BANK BERHAD | Ground, 1st & 2nd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988 | 068-015 |
| M & A SECURITIES SDN BHD | M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800 | 057-001 |

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

| Name | Address and telephone number | Broker Code |
|------------------------------------|--|--------------------|
| OSK INVESTMENT BANK BERHAD | 21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100 | 056-002 |
| OSK INVESTMENT BANK BERHAD | Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6236498 | 056-014 |
| OSK INVESTMENT BANK BERHAD | Ground & 1st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6921228 | 056-016 |
| OSK INVESTMENT BANK BERHAD | Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05-8088229 | 056-034 |
| OSK INVESTMENT BANK BERHAD | 72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261 | 056-044 |
| OSK INVESTMENT BANK BERHAD | Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888 | 056-052 |
| TA SECURITIES HOLDINGS BERHAD | Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05-2531313 | 058-001 |
| <u>PULAU PINANG</u> | | |
| A.A. ANTHONY SECURITIES SDN BHD | 1st & 2nd Floor, Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318 | 078-002 |
| A.A. ANTHONY SECURITIES SDN BHD | Ground & 1st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5541388 | 078-003 |

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

| Name | Address and telephone number | Broker Code |
|----------------------------------|---|--------------------|
| ALLIANCE INVESTMENT BANK BERHAD | Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No. 25, Lebu Light 10200 Penang Tel No : 04-2611688 | 076-015 |
| AMINVESTMENT BANK BERHAD | Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2261818 | 086-004 |
| CIMB INVESTMENT BANK BERHAD | Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2385900 | 065-003 |
| ECM LIBRA INVESTMENT BANK BERHAD | No. 111, Jalan Macalister 10400 Pulau Pinang Tel No : 04-2281868 | 052-003 |
| ECM LIBRA INVESTMENT BANK BERHAD | 7th Floor, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355 | 052-010 |
| HWANGDBS INVESTMENT BANK BERHAD | Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No : 04-2636996 | 068-001 |
| HWANGDBS INVESTMENT BANK BERHAD | No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5372882 | 068-006 |
| INTER-PACIFIC SECURITIES SDN BHD | Ground, Mezzanine & 8th Floor Bangunan Mayban Trust No. 3, Penang Street 10200 Pulau Pinang Tel No : 04-2690888 | 054-002 |
| KENANGA INVESTMENT BANK BERHAD | Lot 1.02, Level 1, Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2106666 | 073-013 |
| MERCURY SECURITIES SDN BHD | Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel No : 04-3322123 | 093-001 |
| MERCURY SECURITIES SDN BHD | 2nd Floor, Standard Chartered Bank Chambers, 2 Lebu Pantai 10300 Pulau Pinang Tel No : 04-2639118 | 093-004 |

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

| Name | Address and telephone number | Broker Code |
|-------------------------------------|---|--------------------|
| OSK INVESTMENT BANK BERHAD | 64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Pulau Pinang Tel No : 04-2634222 | 056-004 |
| OSK INVESTMENT BANK BERHAD | Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No : 04-3900022 | 056-005 |
| OSK INVESTMENT BANK BERHAD | Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5402888 | 056-015 |
| OSK INVESTMENT BANK BERHAD | 834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No : 04-5831888 | 056-032 |
| OSK INVESTMENT BANK BERHAD | Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No : 04-6404888 | 056-042 |
| PM SECURITIES SDN BHD | Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2273000 | 064-004 |
| <u>PERLIS INDRA KAYANGAN</u> | | |
| ALLIANCE INVESTMENT BANK BERHAD | 2nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Tel No : 04-9765200 | 076-003 |
| OSK INVESTMENT BANK BERHAD | Ground & 1st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No : 04-9793888 | 056-061 |
| <u>KEDAH DARUL AMAN</u> | | |
| A.A. ANTHONY SECURITIES SDN BHD | Lot 4, 5 & 5A Tingkat 1EMUM 55 No. 55, Jalan Gangsa Kawasan Perumahan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7322111 | 078-007 |

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

| Name | Address and telephone number | Broker Code |
|--|--|--------------------|
| ALLIANCE INVESTMENT BANK BERHAD | 2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No : 04-7317088 | 076-004 |
| HWANGDBS INVESTMENT BANK BERHAD | No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4256666 | 068-011 |
| OSK INVESTMENT BANK BERHAD | Ground Floor, Swiss Inn Hotel 1, Jalan Pahlawan 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4204888 | 056-017 |
| OSK INVESTMENT BANK BERHAD | 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No : 04-4964888 | 056-019 |
| OSK INVESTMENT BANK BERHAD | Ground & 1st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7209888 | 056-021 |
| <u>NEGERI SEMBILAN DARUL KHUSUS</u> | | |
| ECM LIBRA INVESTMENT BANK BERHAD | 1C-1 & 1D-1, First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Tel No : 06-7655998 | 052-013 |
| HWANGDBS INVESTMENT BANK BERHAD | Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7612288 | 068-007 |
| HWANGDBS INVESTMENT BANK BERHAD | No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553188 | 068-013 |
| OSK INVESTMENT BANK BERHAD | Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641641 | 056-024 |
| OSK INVESTMENT BANK BERHAD | 1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No : 06-4421000 | 056-037 |

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

| Name | Address and telephone number | Broker Code |
|------------------------------------|---|--------------------|
| OSK INVESTMENT BANK BERHAD | 1st & 2nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553014 | 056-040 |
| OSK INVESTMENT BANK BERHAD | Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No : 06-6461234 | 056-046 |
| PM SECURITIES SDN BHD | 1st, 2nd & 3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7623131 | 064-002 |
| <u>JOHOR DARUL TAKZIM</u> | | |
| A.A. ANTHONY SECURITIES SDN BHD | Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3332000 | 078-001 |
| A.A. ANTHONY SECURITIES SDN BHD | 42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No : 07-6637398 | 078-005 |
| A.A. ANTHONY SECURITIES SDN BHD | No. 70, 70-01, 70-02 Jalan Rosmerah 2/ 17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513218 | 078-006 |
| A.A. ANTHONY SECURITIES SDN BHD | No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No : 07-5121633 | 078-008 |
| ALLIANCE INVESTMENT BANK BERHAD | No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No : 07-7717922 | 076-006 |
| AMINVESTMENT BANK BERHAD | 2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4342282 | 086-002 |

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

| Name | Address and telephone number | Broker Code |
|----------------------------------|--|--------------------|
| AMINVESTMENT BANK BERHAD | 18th Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3343855 | 086-006 |
| ECM LIBRA INVESTMENT BANK BERHAD | No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9532222 | 052-004 |
| ECM LIBRA INVESTMENT BANK BERHAD | Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No : 07-4678885 | 052-005 |
| HWANGDBS INVESTMENT BANK BERHAD | Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2222692 | 068-004 |
| INTER-PACIFIC SECURITIES SDN BHD | 95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2231211 | 054-004 |
| KENANGA INVESTMENT BANK BERHAD | Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3333600 | 073-004 |
| KENANGA INVESTMENT BANK BERHAD | No. 31 Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No : 06-9542711 | 073-008 |
| KENANGA INVESTMENT BANK BERHAD | Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333515 | 073-009 |
| KENANGA INVESTMENT BANK BERHAD | No. 33 & 35 (Ground & 1st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No : 07-7771161 | 073-010 |
| KENANGA INVESTMENT BANK BERHAD | Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06-9782292 | 073-011 |

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

| Name | Address and telephone number | Broker Code |
|-----------------------------|---|--------------------|
| MERCURY SECURITIES SDN BHD | Suite 17.1, Level 17, Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3316992 | 093-005 |
| MIMB INVESTMENT BANK BERHAD | Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2227388 | 061-002 |
| OSK INVESTMENT BANK BERHAD | 6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07-2788821 | 056-006 |
| OSK INVESTMENT BANK BERHAD | 53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4380288 | 056-009 |
| OSK INVESTMENT BANK BERHAD | No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9538262 | 056-025 |
| OSK INVESTMENT BANK BERHAD | Ground & 1st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No : 07-5577628 | 056-029 |
| OSK INVESTMENT BANK BERHAD | Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/ 1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07-9321543 | 056-030 |
| OSK INVESTMENT BANK BERHAD | Ground, 1st & 2nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No : 07-7769655 | 056-031 |
| OSK INVESTMENT BANK BERHAD | Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07-6626288 | 056-035 |

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

| Name | Address and telephone number | Broker Code |
|-------------------------------------|---|--------------------|
| OSK INVESTMENT BANK BERHAD | Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No : 06-9787180 | 056-038 |
| OSK INVESTMENT BANK BERHAD | 1st Floor, No. 2 & 4, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No : 07-9256881 | 056-039 |
| OSK INVESTMENT BANK BERHAD | Ground & 1st Floor No. 1 & 1-01, Jalan Rosmerah 2/ 11 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3522293 | 056-043 |
| PM SECURITIES SDN BHD | No. 41, Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513232 | 064-005 |
| PM SECURITIES SDN BHD | Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4333608 | 064-008 |
| <u>PAHANG DARUL MAKMUR</u> | | |
| ALLIANCE INVESTMENT BANK BERHAD | A-397, A-399 & A-401 Taman Sri Kuantan III, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No : 09-5660800 | 076-002 |
| ECM LIBRA INVESTMENT BANK BERHAD | B62, Ground Floor Lorong Tun Ismail 8, Sri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5133289 | 052-007 |
| OSK INVESTMENT BANK BERHAD | B2 & B34, Lorong Tun Ismail 8 Seri Dagangan Kuantan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5173811 | 056-007 |
| OSK INVESTMENT BANK BERHAD | Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No : 09-2234943 | 056-022 |

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

| Name | Address and telephone number | Broker Code |
|-------------------------------------|--|--------------------|
| OSK INVESTMENT BANK BERHAD | Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No : 05-4914913 | 056-041 |
| <u>KELANTAN DARUL NAIM</u> | | |
| OSK INVESTMENT BANK BERHAD | Ground & 1st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No : 09-7430077 | 056-020 |
| TA SECURITIES HOLDINGS BERHAD | 298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7432288 | 058-004 |
| <u>TERENGGANU DARUL IMAN</u> | | |
| ALLIANCE INVESTMENT BANK BERHAD | No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1st & 2nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6317922 | 076-009 |
| FA SECURITIES SDN BHD | No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6238128 | 021-001 |
| OSK INVESTMENT BANK BERHAD | Ground & 1st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No : 09-8583109 | 056-027 |
| OSK INVESTMENT BANK BERHAD | 31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6261816 | 056-055 |
| <u>SARAWAK</u> | | |
| AMINVESTMENT BANK BERHAD | No. 164, 166 & 168 1st, 2nd & 3rd Floor Jalan Abell 93100 Kuching Sarawak Tel No : 082-244791 | 086-005 |

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

| Name | Address and telephone number | Broker Code |
|---------------------------------|---|--------------------|
| CIMB INVESTMENT BANK BERHAD | Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No : 082-358606 | 065-004 |
| HWANGDBS INVESTMENT BANK BERHAD | Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No : 082-236999 | 068-005 |
| HWANGDBS INVESTMENT BANK BERHAD | No. 282, 1st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-330008 | 068-016 |
| KENANGA INVESTMENT BANK BERHAD | Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No : 085-435577 | 073-002 |
| KENANGA INVESTMENT BANK BERHAD | Level 5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No : 082-338000 | 073-003 |
| KENANGA INVESTMENT BANK BERHAD | No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibul Sarawak Tel No : 084-313855 | 073-012 |
| OSK INVESTMENT BANK BERHAD | Ground, 1st & 6th Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No : 082-422252 | 056-008 |
| OSK INVESTMENT BANK BERHAD | Lot 1268, 1st & 2nd Floor Lot 1269, 2nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 085-422788 | 056-012 |
| OSK INVESTMENT BANK BERHAD | 101 & 102, Pusat Pedada Jalan Pedada 96000 Sibul Sarawak Tel No : 084-329100 | 056-013 |

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

| Name | Address and telephone number | Broker Code |
|-------------------------------------|--|--------------------|
| OSK INVESTMENT BANK BERHAD | Ground & 1st Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No : 084-654100 | 056-050 |
| OSK INVESTMENT BANK BERHAD | Ground Floor No. 177, Taman Sri Dagang 97000 Bintulu Sarawak Tel No : 086-311770 | 056-053 |
| TA SECURITIES HOLDINGS BERHAD | 12G, H & I Jalan Kampong Datu 96000 Sibul Sarawak Tel No : 084-319998 | 058-002 |
| TA SECURITIES HOLDINGS BERHAD | 2nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No : 082-236333 | 058-006 |
| <u>SABAH</u> | | |
| CIMB INVESTMENT BANK BERHAD | 1st & 2nd Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-313836 | 065-005 |
| ECM LIBRA INVESTMENT BANK BERHAD | Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-236188 | 052-012 |
| HWANGDBS INVESTMENT BANK BERHAD | Suite 1-9-E1, 9th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No : 088-311688 | 068-008 |
| INNOSABAH SECURITIES BERHAD | 11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No : 088-234090 | 020-001 |
| OSK INVESTMENT BANK BERHAD | 5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No : 088-269788 | 056-010 |

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

| Name | Address and telephone number | Broker Code |
|----------------------------|--|--------------------|
| OSK INVESTMENT BANK BERHAD | Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No : 089-229286 | 056-057 |

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