
8. FINANCIAL INFORMATION

(e) Industry outlook**PRC**

Looking forward into 2011, real GDP performance in PRC is forecasted to continue growing at approximately 8%. Although the GDP forecasted for 2011 is slightly lower compared to 2010 at 10.3%, nevertheless growth continues to be strong.

Entrepreneur confidence in the first quarter of 2011 also continued to improve by 0.3% compared to the previous quarter, and by 1.4% compared to the same period in 2010.

Continuing economic growth combined with stronger entrepreneur confidence will continue to provide opportunities and help sustain operators within the industrial label manufacturing industry.

Economic conditions in the PRC relative to selected economies

PRC's real GDP growth at approximately 8% in 2011 is expected to be more robust compared to the projected GDP growth in 2011 for some of the more advanced economies, for example:

United States = 2.8%

United Kingdom = 1.7%

Japan = 1.4%

As such, operators whose main markets are in PRC are expected to be in a better position in terms of growth opportunities compared to companies whose main markets are projected to have slower growth. PRC's prospects in terms of outlook is further boosted by its large population, which registered 1.3 billion persons in 2010.

THAILAND

Our Group also undertakes manufacturing of industrial labels in Thailand. As such, the economic performance of Thailand will have some impact on our Group.

- In 2010, the economic conditions in Thailand improved with a real GDP growth of 7.8% based on preliminary figures. Looking forward into 2011, Thailand's real GDP is forecasted to grow by 4.0%.
- The continuing economic growth, albeit at a lower rate compared to 2010, will continue to provide opportunities for manufacturers within the industrial label manufacturing industry.

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8. FINANCIAL INFORMATION

MALAYSIA

As we intend to set up a plant for the manufacturing of industrial labels and nameplates in Malaysia by 2011, the economic performance of Malaysia will have some relevance to our business.

In 2010, real GDP for Malaysia grew by 7.2%. In addition, GDP of the manufacturing industry based on constant prices grew by 11.4% in 2010.

Looking forward into 2011, the government of Malaysia has forecasted continuing growth as follows:

- Real GDP growth is forecasted at between 5% and 6%;
- Real GDP growth for the manufacturing industry is forecasted at 5.7%.

Forecasted continuing growth of the economy in general and the manufacturing industry in particular in 2011 will continue to sustain and provide growth opportunities for operators within the industrial label manufacturing industry.

(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)

(f) Fluctuations in prices of raw materials

Polymer materials are commonly used as face stock for the industrial label manufacturing industry and as raw materials for the fabrication of plastic parts. The increase in oil prices may impact on the price of polymer materials.

(g) Global financial crisis

Any prolonged and/or widespread downturn in the global economy, such as that caused by the recent global financial crisis, is likely to have a negative effect on the global and PRC's economy in general.

(h) Foreign exchange fluctuations

We are exposed to foreign exchange risks as 51.5% and 48.5% of our revenue for the FYE 2009 were transacted in USD and RMB respectively. Similarly, 29.8% and 70.2% of our purchases for the FYE 2009 were also transacted in USD and RMB respectively.

In addition, there are advances at no interest from our shareholder, IJUS and a third party utilised for the payment of our listing expenses and as working capital amounting to USD687,326 and USD100,000 respectively. In January 2011, IJUS has also advanced USD60,000 (approximately RM183,270) to our subsidiary company, IJT. These advances may have material foreign exchange exposure to Ideal Jacobs until such time the advances are repaid.

The advance from a third party of USD100,000 (approximately RM311,150) had subsequently been repaid on 27 January 2011, 28 January 2011, 18 February 2011 and 23 February 2011.

8. FINANCIAL INFORMATION

Our Group intend to repay the advance from its shareholder, IJUS of USD687,326 (approximately RM2.1 million) from the proceeds of the public issue of RM8,100,000.

(i) Competition

Within the industrial label manufacturing industry, we face competition from many players in the local market in the PRC, and also Thailand where we have commenced operations in March 2010.

(j) Impact of inflation

We are of the view that inflation does not have material impact on our business and also no material impact on our historical financial results for the past three financial years, FYE 2007, FYE 2008 and FYE 2009.

(k) Impact of government, economic, fiscal or monetary policies

Risks relating to the government, economic, fiscal or monetary policies factors, which may materially affect our operations, are as set out in **Section 3**.

Pursuant to the PRC Enterprise Income Tax Law passed by the Tenth National People's congress on 16 March 2007, the new enterprise income tax rates for domestic and foreign enterprise are unified at 25%. However, Xiamen Special Economic Zone's income tax rate is at 15% and a gradual transition to the statutory tax rate of 25% in five years time by 2012 and come into effect on 1 January 2008.

Based on the "Income Tax Law of the PRC for Enterprises with Foreign Investments and Foreign Enterprises", IJX is entitled to full exemption from income tax for the first two years of its operations and a 50% reduction in income tax for the subsequent three years starting from its first profitable year of operations. The first profitable year for IJX is the calendar year ended 31 December 2006 for the purpose of determining the tax holiday period.

IJX was exempted from income tax from FYE 2006 to FYE 2007 by the PRC Government. The tax rate for IJX for the FYE 2008, FYE 2009, FYE 2010 and FYE 2011 is at 9%, 10%, 11% and 24% respectively. For FYE 2012 onward, the tax rate for IJX will be at 25%.

(l) Exceptional and extraordinary items

There were no exceptional and extraordinary items for the financial years and financial periods under review.

8.4 LIQUIDITY AND CAPITAL RESOURCES

8.4.1 Working capital

Our operations are funded by a combination of internal and external source of funds. Internal sources of funds comprise mainly cash generated from our operations, cash and bank balances while external sources of funds comprise capital contributions and advances from shareholder, director and an advance from a third party. The advances from IJUS, Meng Bin and the third party were utilised for the payment of listing expenses and working capital purposes of the Ideal Jacobs Group.

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The principal use of these funds are for working capital purposes such as purchases of raw materials and consumables, financing of trade receivables and operating expenses, capital expenditure, repayment of loans and advances, and payment of dividend to shareholders.

As at 31 October 2010, our Group has cash and bank balances of RM5.4 million and total borrowings of RM0.2 million. Subsequent to 31 October 2010, our Group has received an advance from Meng Bin, our Chief Executive Officer/ Managing Director of approximately RM150,000 which has subsequently been repaid on 25 January 2011 and 26 January 2011. Our subsidiary company, IJT has also received advance from IJUS amounting to USD60,000 (approximately RM183,270). The advance from a third party has been repaid on 27 January 2011, 28 January 2011, 18 February 2011 and 23 February 2011. The advance of USD 60,000 from IJUS to IJT will be repaid by IJT using its internally generated funds.

Our Group has a net working capital of RM9.5 million as at 31 October 2010. IJX had declared a dividend of approximately RM1,207,250 (RMB2,500,000) on 22 February 2010 payable to the IJX Vendors and which was paid on 11 June 2010, 18 June 2010 and 25 June 2010. On 13 January 2011, IJX has also declared dividend of approximately RM800,500 (RMB1,731,560) which was paid to Ideal Jacobs on 24 January 2011. On 30 March 2011, IJX has further declared dividend of approximately RM798,769 (RMB1,731,560) which was paid to Ideal Jacobs on 11 April 2011.

Our Directors are of the opinion that, after taking into consideration our cashflow position as indicated in **Section 8.4.2**, the expected proceeds from the Public Issue, the expected funds to be generated from our operating activities and amounts available under our existing banking facilities, our Group will have adequate working capital for the period 12 months from the date of this prospectus.

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8. FINANCIAL INFORMATION

8.4.2 Proforma cash flows

We set out the proforma consolidated cashflow statements of our Group for FPE 31 October 2010:

	FPE 31 October 2010 (RM '000)
Net cash flow from operating activities	3,955
Net cash flow used in investing activities	(3,712)
Net cash generated from financing activities	3,559
Effect of foreign exchange translation	11
Net increase in cash and cash equivalents	3,813
Cash and cash equivalent at beginning of the financial year	1,836
Effect of exchange rate changes	(211)
Cash and cash equivalents at end of the financial year	5,438

Brief commentaries on our proforma consolidated cashflow statement for the FPE 31 October 2010 are set out below.

Net cash generated from operating activities

The net cash from operating activities of approximately RM4.0 million were attributable mainly to PBT of approximately RM4.0 million adjusted for the following:

- (i) Non-cash items of approximately RM0.5 million arising mainly from allowance for slow moving inventories and depreciation of property, plant and equipment
- (ii) Working capital cash generated from operation of approximately RM0.3 million
- (iii) Tax paid of approximately RM0.9 million

Net cash used in investing activities

Net cash for investing activities amounted to approximately RM3.7 million was attributable mainly to the purchases of property, plant and equipment of RM3.7 million.

Net cash generated from financing activities

Our Group's net cash flow mainly generated from the Public Issue is RM8.1 million. Out of this, approximately RM3.0 million will be used to defray the estimated listing expenses.

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8.4.3 Borrowings

Interest Bearing Borrowing

As at 31 December 2009 and 31 October 2010, our total outstanding interest bearing borrowing of approximately RM0.3 million and RM0.2 million respectively are as follows:

	FYE 31 December 2009 RM'000	FPE 31 October 2010 RM'000
Hire purchase creditor	294	198

The above interest bearing borrowing is to finance the purchase of motor vehicle in our subsidiary company in PRC, IJX. It will be repaid in accordance with the repayment term in the hire purchase agreement within 3 years using internally generated funds from IJX.

As at 31 October 2010, our gearing ratio is 0.01 times which is computed based on our Group's total interest bearing borrowing as at 31 October 2010 divided by our Group's proforma consolidated shareholders' equity as at 31 October 2010.

Non-Interest Bearing Advances

As at 31 October 2010, our Group has obtained an interest free advance from our shareholder, IJUX by way of assignment of debt relating to the Legend Loan (as described in **Section 7.1.2**) for the amount of USD687,326 (approximately RM2.1 million) which was utilised for the purpose of payment of listing expenses and working capital of Ideal Jacobs Group. The advance of USD687,326 will be repaid after the completion of listing exercise from part of the proceeds raised from the listing of Ideal Jacobs as disclosed in **Section 2.9 (d) and (e)**.

As at 31 October 2010, our Group has also obtained an interest free advance from a third party for an amount of USD100,000 (approximately RM311,510) which was utilized for the purpose of working capital of Ideal Jacobs Group. This advance of USD100,000 has been repaid on 27 January 2011, 28 January 2011, 18 February 2011 and 23 February 2011 using internally generated funds from Ideal Jacobs Group.

Subsequent to 31 October 2010, our Group has obtained an interest free advance from Meng Bin, our Chief Executive Officer/ Managing Director for an amount of RM150,000 which was utilized for the purpose of working capital of Ideal Jacobs. This advance of RM150,000 has been repaid on 25 January 2011 and 26 January 2011 using internally generated funds from Ideal Jacobs Group.

Subsequent to 31 October 2010, our subsidiary in Thailand, IJT has obtained an interest free advance from IJUS for an amount of USD60,000 (approximately RM183,270) which was utilized for the purpose of working capital of IJT. Our Group intends to repay this advance of USD60,000 after 30 June 2012 using internally generated funds of IJT.

The Directors and the key management of the Company confirm that they have not defaulted on any payments of interest and/or principal sums on any borrowings throughout FYE 31 December 2009, FPE 31 October 2010 and up to the date of this prospectus.

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8.4.4 Breach of terms and conditions / covenants associated with credit arrangements / bank loans

To the best of our Directors' knowledge, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loans, which could materially affect our financial position and results of business operations or the investment by holders of securities in our Group.

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8. FINANCIAL INFORMATION

8.4.5 Capital expenditure

Our Group's capital expenditure for the financial years and period under review are as follows:

	FYE 2007	FYE 2008	FYE 2009	FPE 31 October 2010
	RM '000	RM '000	RM '000	RM '000
Plant and machinery ⁽¹⁾	40	130	141	178
Furniture, fixtures and office equipment	13	18	162	52
Motor vehicles	0	0	457	69
Renovation	0	0	185	-
Tools	0	0	22	28
Machinery in progress	0	0	530	87
TOTAL	53	148	1,497	414

Notes:

(1) The acquisition of plant and machinery were mainly related to the addition of plant and machinery to increase our production capacity.

The acquisition of the abovementioned assets were financed mainly through cash generated from operations and hire purchase financing.

8.4.6 Treasury policies and objectives

We have been financing our operations through cash generated from our operations and external sources of funds. Our external sources of funds comprise mainly of credit terms granted by our suppliers, bank borrowing (which was only utilised in FYE2009), advances from shareholder, director and third party. The normal credit terms granted to us by our suppliers range from 30 to 60 days. Details of our bank borrowing and advances from shareholder, director and third party are set out in **Section 8.4.3**.

Currently we do not have nor use any financial instruments for hedging purposes. Our Group does not generally hedge interest rate risks. Hedging of risk through the use of financial instruments may be adopted should its use results in significant cost saving. It is the policy of our Group that the interest rate obtained must be competitive.

Our cash and cash equivalent are mainly maintained in RMB, USD, Baht and RM. Our management constantly monitor the group's foreign currency exposure. Currently, we do not have any hedging policies nor have we entered into any forward contracts with respect to our foreign exchange exposure.

8. FINANCIAL INFORMATION

8.4.7 Material commitments

As at LPD, save for the proposed utilisation of proceeds as disclosed in **Section 2.9** and our future plans in **Section 4.22.1**, our Board is not aware of any material capital commitments contracted or known to be contracted by our Group that has not been provided for, which upon becoming enforceable, may have a material impact on our financial results/ position.

8.4.8 Material litigation, claims or arbitration

Neither we nor our subsidiaries are engaged in any litigation, claims or arbitration, either as plaintiff or defendant which will have a material effect on our financial position and our Directors do not know of any proceedings pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect our position or business.

8.4.9 Contingent liabilities

As at LPD (of such amount can be determined prior to the issuance of the prospectus), our Board is not aware of any contingent liability, which in the opinion of the Board, will or may substantially affect our financial results or position upon becoming enforceable.

8.4.10 Off-balance sheet arrangements

Our Group does not have any off-balance sheet arrangements which are reasonably likely to have a current or future material effect on our financial condition, change in financial condition, revenues or expenses, results of operations, capital expenditures or capital resources.

8.4.11 Foreign exchange exposure

Our reporting currency is in RM, RMB, BAHT and all our manufacturing operations are carried out in the PRC and Thailand during the reviewed periods. Ideal Jacobs was incorporated as an investment holding company for the purpose of Listing. During the reviewed periods, all of our sales and purchases are denominated in the RMB, BAHT and USD.

In addition, there are advances at no interest from our shareholder, IJUS and a third party mainly utilised for the payment of our listing expenses and as working capital amounting to USD687,326 and USD 100,000 respectively. These advances may have material foreign exchange exposure to Ideal Jacobs until such time they are repaid. Subsequent to 31 October 2010, our subsidiary company, IJT has received an advance from IJUS amounting to USD 60,000 (approximately RM183,270).

The advance from a third party of USD100,000 (approximately RM311,150) had subsequently been repaid on 27 January 2011, 28 January 2011, 18 February 2011 and 23 February 2011.

The advances from Meng Bin, IJUS and third party were utilised for the payment of listing expenses and working capital purposes of the Ideal Jacobs Group. Our Group intend to repay the advance from our shareholder, IJUS of USD687,326 (approximately RM2.1 million) from the proceeds of the public issue of RM8,100,000. The advance of USD60,000 from IJUS to IJT will be repaid by IJT after 30 June 2012 using its internally generated funds.

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8. FINANCIAL INFORMATION

Currently, we do not have any hedging policy with respect to foreign exchange exposure and we did not use any financial instruments for hedging purposes during the reviewed periods and up to the LPD. We adopt prudent foreign currency management by seeking a natural hedge whereby a proportion of our foreign currency revenue will be used for our purchases which are made in foreign currencies. We will monitor our foreign currency exposure closely and will consider hedging any material foreign exposure should the need arise. Our CFO will monitor our Group's foreign exchange exposures and propose the need for hedging transactions where necessary.

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8. FINANCIAL INFORMATION

8.4.12 Key financial ratios

Trade receivables

We generally offer credit terms of 30 to 90 days for our customers. The credit terms we extend to every customer may differ as we will take into account, inter alia, the quantity of the customer order, background and creditworthiness of the customer, level of risk involved, payment history of the customer and the business relationship we have with the customer.

For the reviewed periods, we did not experience any significant specific allowances for doubtful trade or bad debts written off.

Our average trade receivables turnover for FYE 2007, FYE 2008, FYE 2009 and FPE 2010 are as follows:

	FYE 2007	FYE 2008	FYE 2009	FPE 2010
Trade receivables turnover in days ⁽¹⁾	73	80	75	81 ⁽²⁾

Note:

- (1) Trade receivables turnover in days = (average trade receivables / total revenue) multiply by 365 days.
- (2) Annualised to 12 months for comparison purposes.

Our trade receivables turnover days in the financial years under review were generally in line with the prevailing credit terms granted to our customers. Our trade receivables turnover days have been in the small range of between 73 to 81 days for the reviewed periods. Notwithstanding this, our Group's customer base is mainly multinational companies and larger corporations. Hence, our Directors are of the opinion that there is low likelihood that the customer would delay in their payment or default in payment of their debts. Following this, no allowance for doubtful debts is required as all outstanding debts are recoverable.

As at 31 October 2010, our trade receivables amounted to RM3.7 million of which approximately RM3.6 million have been collected by 31 March 2011.

As at 31 October 2010	Not Past due	Past due 0 to 1 month not impaired	Past due 1 to 2 months not impaired	Past due more than 2 months not impaired	Total
Trade receivables (RM)	2,889,708	654,237	108,076	47,089	3,699,110
% of total	78	18	3	1	100

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8. FINANCIAL INFORMATION**Trade payables**

Credit terms granted by our trade creditors may vary from supplier to supplier. In general, credit terms granted to us by our trade creditors range from 30 to 60 days. Our average trade payables turnover for FYE 2007, FYE 2008, FYE 2009 and FPE 2010 are as follows:

	FYE 2007	FYE 2008	FYE 2009	FPE 2010
Trade payables turnover in days ⁽¹⁾	19	23	36	57 ⁽²⁾

Note:

(1) Trade payables turnover in days = (average trade payables / cost of sales) multiply by 365 days.

(2) Annualised to 12 months for comparison purposes.

Our trade payables turnover days were within the credit terms granted to us and we have been prompt in making our payments. Our trade payable turnover days had increased from 19 days in FYE 2007 to 23 days in FYE 2008, 36 days in FYE2009 and 57 days in FPE 2010. This initial low number of days in FYE2007 was generally due to our intention of shortening our repayment periods in exchange for better prices and to build stronger long-term relationships with our suppliers. Notwithstanding this, our Group's increasing trend of repayment is in tandem with the significant increase in revenue during the reviewed periods as our Group was utilising the funds for working capital purposes to finance our revenue growth as we have no or minimal bank borrowings being utilised. In addition, our Group's trade payable was 23.54% of our cost of sales for the FPE 2010.

As at 31 October 2010	Not Past due	Past due 0 to 1 month	Past due 1 to 2 month	Past due more than 2 month	Total
Trade payables (RM)	1,190,591	57,443	30,546	18,323	1,296,903
% of total	91.8	4.4	2.4	1.4	100

8.4.13 Inventory management

Our inventory comprises raw materials, work-in-progress and finished goods products. During the reviewed period, we did not experience any material sales returns by our customers due to product quality matters.

Our average inventory turnover for FYE 2007, FYE 2008, FYE 2009 and FPE 2010 are as follows:

	FYE 2007	FYE 2008	FYE 2009	FPE 2010
Inventory turnover in days ⁽¹⁾	171	128	86	72 ⁽²⁾

Note:

(1) Inventory turnover in days = (Average year-end inventory / cost of sales) multiply by 365 days.

(2) Annualised to 12 months for comparison purposes.

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Our inventory turnover in days had generally improved during FYE 2007 to FPE 2010 mainly due to improvement in raw material procurement, production management, logistics co-ordination on delivery of our finished goods products and the allowance for slow moving inventories. Operationally, our suppliers generally improved on their service to us by better scheduling their inventories deliveries to meet our timing needs due to changes in our procurement strategies where we have better estimation of the raw material usage requirement after consulting with our customers.

Allowances for slow moving inventories were based on yearly assessment. As long as there were no movements of the inventories for more than 12 months, allowances for slow moving inventories would be provided.

The allowance for slow moving inventories which include finished goods such as industrial labels, insulators, gaskets, assembly parts and metal parts and raw materials such as polycarbonate, adhesive materials, ink, foams and moulds was RM0.16 million, RM0.31 million, RM0.51 million and RM0.53 million for the FYE2007, FYE2008, FYE2009 and FPE 2010 respectively. Apart from this allowance, the Directors are of the opinion that there is no further allowance required.

8.4.14 Effects of inflation

Our Directors are of the view that inflation does not have a material impact on our business, financial condition or results of operation of our Group. However, in the future, any increase in inflation rate may affect our operations and performance if we are not able to fully offset the higher costs of services through higher selling price of our products. Our failure or inability to do so may adversely affect our business, financial performance and results of operations.

8.4.15 Government/ Economic/ Fiscal/ Monetary policies

Risks relating to government, economic, fiscal or monetary policies, which may materially affect our operations, are set out in **Section 3**. Save for the risk disclosed in **Section 3.2.1(d)**, there is no government, economic, fiscal or monetary policies or factors that will have a material impact on our profitability and financial position.

8.5 TREND INFORMATION

(a) Business and financial prospects

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

- 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 Group's financial performance, position and operations other than those discussed in this section and **Section 3** and **Section 4**;
- material commitment for capital expenditures set out in **Section 8.4.7**;
- unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this section and in **Section 3**;
- known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group revenue and/or profits save for those that have been disclosed in this section, industry overview as set out in **Section 4.23** and business strategies and future plans as set out in **Section 4.22**;

8. FINANCIAL INFORMATION

- known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and in **Section 4**; and
- 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 Group's liquidity and capital resources, other than those discussed in this section and in **Section 3** and **Section 4**.

Our Board is optimistic about our future prospect given the favourable outlook as set out in **Section 4.22.2**, our competitive advantages and key strengths set out in **Section 4.2.1(c)** and our dedication to implement the business strategies and future plans set out in **Section 4.22**.

(b) Order book

Generally, we work from confirmed purchase orders for our manufacturing operations which are mainly fulfilled under a short period of time. Therefore order book is not relevant to our business.

8.6 DIVIDEND POLICY

The declaration and recommendation of interim and final dividends are subject to the discretion of our Board and any final dividend for a particular year is subject to the approval of our shareholders. It is the Board's intention to pay dividends to our shareholders in the future to allow them to participate in our profits. However, our ability to pay dividends or make other distributions to our shareholders will depend upon a number of factors, including our earnings, capital requirements, general financial conditions and our distribution reserves.

For the FYE 31 December 2009, there were no dividends declared and paid by Ideal Jacobs Group except for the dividend paid by IJX, of RMB3,695,955 (approximately RM1,906,004). IJX has also declared a dividend of RMB2,500,000 (approximately RM1,207,250) on 22 February 2010 payable to the IJX Vendors and which was paid on 11 June 2010, 18 June 2010 and 25 June 2010. On 13 January 2011, IJX has declared dividend of approximately RM800,500 (RMB1,731,560) which was paid to Ideal Jacobs on 25 January 2011. On 30 March 2011, IJX has further declared dividend of approximately RM798,769 (RMB1,731,560) which was paid to Ideal Jacobs on 11 April 2011.

Our Board intends to adopt a progressive dividend policy, subject to the factors stated below. We intend to recommend and distribute approximately 10% to 15% of our PAT for the FYE 31 December 2011.

In considering the level of dividend payments, if any, upon recommendation by our Directors, we intend to take into account various factors including:

- (a) expected results of our operations;
- (b) required and expected operating cash flow requirements, financial commitments and distributable reserves return on equity and retained earnings;
- (c) the projected level of our capital expenditure and other investment plans;
- (d) restrictions on payment of dividends imposed on us by our financing arrangements (if any); and
- (e) Any material impact of tax laws and other regulatory requirements

8. FINANCIAL INFORMATION

It will be the policy of our Directors in recommending dividends to allow shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group. Subject to the factors outlined above, our Directors intend to recommend and distribute dividends of between 10% to 15% of our net profit to our shareholders from the FYE 31 December 2011 onwards. Our Company will declare dividends, if any, in RM.

However, investors should note that the intention to recommend the dividends should not be treated as a legal obligation on us to do so. The level of dividends should also not be treated as an indication of our future dividend policy.

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

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8. FINANCIAL INFORMATION

8.7 PROFORMA CONSOLIDATED FINANCIAL INFORMATION



**REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED
FINANCIAL INFORMATION**
(Prepared for inclusion in this Prospectus)

Date: 13 April 2011

The Board of Directors
Ideal Jacobs (Malaysia) Corporation Bhd.
Level 15-2, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

SJ Grant Thornton (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Dear Sirs,

**IDEAL JACOBS (MALAYSIA) CORPORATION BHD.
AND ITS SUBSIDIARY COMPANIES
PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

We have reviewed the presentation of the Proforma Consolidated Financial Information of Ideal Jacobs (Malaysia) Corporation Bhd. ("Ideal Jacobs") and its subsidiary companies, namely Ideal Jacobs (Xiamen) Corporation ("IJX") and Ideal Jacobs Corporation (Thailand) Limited ("IJT") (collectively known as "Ideal Jacobs Group" or "The Group") for the financial years ended ("FYE") 31 December 2007 to 2009 and financial period ended ("FPE") 31 October 2010, together with the notes and assumptions thereto, as set out in Prospectus, which we have stamped for the purpose of identification, in connection with the listing of and quotation for the entire enlarged issued and fully paid-up share capital of Ideal Jacobs on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Proforma Consolidated Financial Information has been prepared for the purpose of inclusion in this Prospectus in connection with the listing of Ideal Jacobs on the basis of assumptions as set out below and after making certain adjustments to show that:-

- i) the financial results of Ideal Jacobs Group for the FYE 31 December 2007 to 2009 and FPE 31 October 2010 would have been if the group structure as of the date of Prospectus had been in place since the beginning of the financial years/period being reported on;
- ii) the financial position of Ideal Jacobs Group as at 31 October 2010 would have been if the group structure as of the date of Prospectus had been in place on that date, adjusted for the Public Issue and Utilisation of Proceeds; and

8. FINANCIAL INFORMATION



- iii) the cash flows of Ideal Jacobs Group for the FPE 31 October 2010 would have been if the group structure as of the date of Prospectus had been in place since the beginning of the FPE 31 October 2010, adjusted for the Public Issue and Utilisation of Proceeds.

The financial information of Ideal Jacobs Group for the financial period ended 31 October 2009 was not audited and was included for comparison purpose only.

The Proforma Consolidated Financial Information, because of its nature, may not give a true picture of Ideal Jacobs Group's actual financial results, financial position and cash flows. Further, such information does not predict the Group's future financial position, financial results and cash flows.

It is the sole responsibility of the Directors of Ideal Jacobs Group to prepare the Proforma Consolidated Financial Information in accordance with the requirements of the Prospectus Guidelines in respect of Public Offerings issued by the Securities Commission. Our responsibility is to form an opinion as required by the Prospectus Guidelines on the Proforma Consolidated Financial Information and our report is given to you solely for this, and no other purpose.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Proforma Consolidated Financial Information, nor we do accept responsibility for such reports or opinions beyond that is owed to those to whom those reports or opinions were addressed by us at the date of their issue.

Our work, which involved no independent examination of any of the underlying financial information, is primarily to compare the Proforma Consolidated Financial Information with the audited financial statements, considering the evidence supporting the adjustments and discussing the Proforma Consolidated Financial Information with the Directors of Ideal Jacobs Group.

In our opinion, the Proforma Consolidated Financial Information together with the accompanying notes which are provided solely for illustrative purposes only,

- (a) have been properly compiled on a basis of preparation as stated in the notes thereto; such basis is consistent with the accounting policies normally adopted by Ideal Jacobs Group;
- (b) the adjustments are appropriate for the purposes of the Proforma Consolidated Financial Information; and
- (c) the financial statements used in the preparation of the Proforma Consolidated Financial Information were prepared in accordance with the Financial Reporting Standards and in manner consistent with both the format of the financial statements and the accounting policies of the Ideal Jacobs Group.

8. FINANCIAL INFORMATION



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Yours faithfully,

A handwritten signature in black ink, appearing to be "SJ Grant Thornton", written over a horizontal line.

SJ GRANT THORNTON
NO. AF: 0737
CHARTERED ACCOUNTANTS

A handwritten signature in black ink, appearing to be "Dato' N. K. Jasani", written over a horizontal line.

DATO' N. K. JASANI
NO: 708/03/12 (J/PH)
PARTNER OF THE FIRM

8. FINANCIAL INFORMATION

**IDEAL JACOBS (MALAYSIA) CORPORATION BHD.
(Company No: 857363 U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES**

Basis of preparation of Proforma Consolidated Financial Information

1. The Proforma Consolidated Financial Information has been prepared to illustrate that:
 - a) the financial results of Ideal Jacobs Group for the FYE 31 December 2007 to 2009 and FPE 31 October 2010 would have been if the group structure as of the date of Prospectus had been in place since the beginning of the financial years/period being reported on;
 - b) the financial position of Ideal Jacobs Group as at 31 October 2010 would have been if the group structure as of the date of Prospectus had been in place on that date, adjusted for the Public Issue and Utilisation of Proceeds; and
 - c) the cash flows of Ideal Jacobs Group for the FPE 31 October 2010 would have been if the group structure as of the date of Prospectus had been in place since the beginning of the FPE 31 October 2010, adjusted for the Public Issue and Utilisation of Proceeds.
2. The Proforma Consolidated Financial Information has been prepared based on the audited financial statements of Ideal Jacobs and its subsidiary companies for the FYE 31 December 2007 to 2009 and FPE 31 October 2010 using the bases and the accounting principles consistent with those adopted in the audited financial statements of Ideal Jacobs Group, after giving effect to the proforma adjustments which are considered appropriate.
3. For illustrative purposes, it was assumed that the acquisition of IJX and IJT had been in place prior to 1 January 2007 in arriving at the proforma consolidated statements of comprehensive income for the FYE 31 December 2007 to 2009 and FPE 31 October 2010.
4. The Proforma Consolidated Financial Information have been prepared for illustrative purposes only and, because of their nature, may not give a true picture of the actual financial position, financial results and cash flows of Ideal Jacobs Group.
5. The audited financial statements of Ideal Jacobs and its subsidiary companies for the FYE 31 December 2007 to 2009 and FPE 31 October 2010 were prepared in accordance with the Financial Reporting Standards.

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8. FINANCIAL INFORMATION**IDEAL JACOBS (MALAYSIA) CORPORATION BHD.**

(Company No: 857363 U)

(Incorporated in Malaysia)

AND ITS SUBSIDIARY COMPANIES**(i) PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

The Proforma Consolidated Statements of Comprehensive Income of Ideal Jacobs Group for the past three (3) FYE 31 December 2007 to 2009, FPE 31 October 2009 and FPE 31 October 2010 are provided for illustrative purposes, based on the audited financial statements of Ideal Jacobs, IJT and IJX by assuming that Ideal Jacobs Group has been in existence throughout the financial years/periods under review.

Years/Periods ended	31 December 2007 RM	31 December 2008 RM	31 December 2009 RM	31 October 2009 @ RM	31 October 2010 RM
Revenue	4,106,016	7,562,817	14,207,759	11,069,282	13,406,651
Gross profit	2,341,626	4,035,466	8,685,861	6,727,019	7,945,287
Profit before amortisation, depreciation, interest expenses and taxation	1,290,895	2,354,002	5,880,769	5,007,957	4,471,668
Amortisation	-	-	-	-	-
Depreciation	(258,427)	(294,068)	(343,078)	(263,062)	(427,368)
Interest expenses	-	-	(724)	(729)	(10,845)
Profit before taxation but after amortisation, depreciation and interest expenses	1,032,468	2,059,934	5,536,967	4,744,166	4,033,455
Taxation	-	(211,881)	(590,876)	(436,756)	(387,636)
Profit after taxation	1,032,468	1,848,053	4,946,091	4,307,410	3,645,819
Gross profit margin (%)	57.03	53.36	61.13	60.77	59.26
Pre-tax profit margin (%)	25.15	27.24	38.97	42.86	30.09
Profit after tax margin (%)	25.15	24.44	34.81	38.91	27.19
Number of ordinary shares of RM0.10 each assumed to be issued	90,001,000	90,001,000	90,001,000	90,001,000	90,001,000
Gross Earnings Per Share ("EPS")* (sen)	1.15	2.29	6.15	6.33 [^]	5.38 [^]
Net EPS* (sen)	1.15	2.05	5.50	5.74 [^]	4.86 [^]

* Based on enlarged share capital of 90,001,000 ordinary shares

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8. FINANCIAL INFORMATION

IDEAL JACOBS (MALAYSIA) CORPORATION BHD.
(Company No: 857363 U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

(i) **PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(CONTINUATION)**

^ Annualised to 12 months for comparison purposes.

@ The statement of comprehensive income for the FPE 31 October 2009 is unaudited and is included for comparison purpose only.

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME**

1. The Proforma Consolidated Statements of Comprehensive Income have been prepared based on the audited financial statements of Ideal Jacobs, IJT and IJX for the past three (3) FYE 31 December 2007 to 2009 and FPE 31 October 2010.
2. There were no extraordinary or exceptional items in all the financial years/period under review.
3. Ideal Jacobs Group's results have been restated through appropriate consolidation adjustments to eliminate inter-company transactions under the existing group structure.
4. Conversion Rate

The functional currency of Ideal Jacobs, IJX and IJT are Ringgit Malaysia ("RM"), Renminbi ("RMB") and Thai Baht ("BAHT") respectively.

In the preparation of the proforma consolidated statements of comprehensive income, we have converted all figures stated in RMB and BAHT to RM. The applied rates of exchange for the FYEs and FPE under review are as below:-

FYE 2007	RMB1:RM0.4518
FYE 2008	RMB1:RM0.4819
FYE 2009	RMB1:RM0.5157
	BAHT100:RM10.2588
FPE 2009	RMB1:RM0.5189
	BAHT100: RM10.2712
FPE 2010	RMB1:RM0.4756
	BAHT100: RM10.0980

The translation from RMB and BAHT into RM in this report is to comply with the requirements of Prospectus Guidelines – Paragraph 12.01 where all financial statements prepared in currency other than RM must be translated into RM.

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8. FINANCIAL INFORMATION

IDEAL JACOBS (MALAYSIA) CORPORATION BHD.
(Company No: 857363 U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Proforma Consolidated Statements of Financial Position of Ideal Jacobs Group as at 31 October 2010 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 3 to the Proforma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 October 2010.

	Note	As at 31 October 2010 RM	Proforma I RM	Proforma II RM
SHARE CAPITAL	4	9,000,100	12,000,100	12,000,100
SHARE PREMIUM	5	-	5,100,000	4,240,005
TRANSLATION RESERVE	6	(213,198)	(213,198)	(213,198)
STATUTORY RESERVE	7	454,438	454,438	454,438
UNAPPROPRIATED PROFIT	8	2,626,951	2,626,951	486,946
Total shareholders' equity		11,868,291	19,968,291	16,968,291
NON CURRENT LIABILITY				
Finance creditor	9	107,666	107,666	107,666
		11,975,957	20,075,957	17,075,957
Represented by:				
NON-CURRENT ASSETS				
Property, plant and equipment	10	3,898,188	3,898,188	7,198,188
Deferred tax assets	11	199,639	199,639	199,639
Goodwill on consolidation	12	146,779	146,779	146,779
Total non-current assets		4,244,606	4,244,606	7,544,606
CURRENT ASSETS				
Inventories	13	1,560,050	1,560,050	1,560,050
Trade and other receivables	14	6,319,469	6,319,469	4,430,651
Amount due from holding company	18	-	-	211,258
Fixed deposits with a licensed bank	15	2,727,270	2,727,270	2,727,270
Cash and bank balances	16	1,160,662	9,260,662	2,710,852
Total current assets		11,767,451	19,867,451	11,640,081
CURRENT LIABILITIES				
Trade and other payables	17	2,034,915	2,034,915	2,034,915
Amount due to holding company	18	1,927,370	1,927,370	-
Amount due to a Director	19	46,620	46,620	46,620
Tax payable	20	27,195	27,195	27,195
Total current liabilities		4,036,100	4,036,100	2,108,730
NET CURRENT ASSETS		7,731,351	15,831,351	9,531,351
		11,975,957	20,075,957	17,075,957
NUMBER OF ORDINARY SHARES		90,001,000	120,001,000	120,001,000
NET TANGIBLE ASSETS PER ORDINARY SHARE OF -RM0.10 EACH(RM)		0.13	0.17	0.14
NET ASSETS PER ORDINARY SHARE OF -RM0.10 EACH(RM)		0.13	0.17	0.14

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8. FINANCIAL INFORMATION

IDEAL JACOBS (MALAYSIA) CORPORATION BHD.
(Company No: 857363 U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
(CONTINUATION)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. The Proforma Consolidated Statements of Financial Position have been prepared based on the audited financial statements of Ideal Jacobs Group as at 31 October 2010 using the purchase method of accounting for Ideal Jacobs Group.

2. Conversion Rate

The functional currency of Ideal Jacobs, IJX and IJT are Ringgit Malaysia ("RM"), Renminbi ("RMB") and Thai Baht ("BAHT") respectively.

In the preparation of proforma consolidated statements of financial position, we have converted all figures stated in RMB and BAHT to RM. The applied rates of exchange for the FYEs and FPE under review are as below:-

RMB1:RM0.4662

BAHT100: RM10.3803

The translation from RMB and BAHT into RM in this report is to comply with the requirements of Prospectus Guidelines – Paragraph 12.01 where all financial statements prepared in currency other than RM must be translated into RM.

3. The Proforma Consolidated Statements of Financial Position together with notes thereon, have been prepared based on accounting principles and bases consistent with those adopted in the preparation of audited financial statements of Ideal Jacobs Group to illustrate the Consolidated Statements of Financial Position of Ideal Jacobs Group assuming that all the transactions mentioned below had taken place on 31 October 2010:-

Proforma I: Public Issue

Public Issue of 30,000,000 new ordinary shares of RM0.10 each in Ideal Jacobs ("Ideal Jacobs Shares") at an issue price of RM0.27 per Ideal Jacobs Share.

The Public Issue shall be allocated to prospective investors in the following manner:-

(a) General Public

2,000,000 of Ideal Jacobs Shares representing 1.67% of the enlarged issued and paid-up share capital will be made available for application by the General Public; and

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8. FINANCIAL INFORMATION

IDEAL JACOBS (MALAYSIA) CORPORATION BHD.
(Company No: 857363 U)
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(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
(CONTINUATION)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUATION)

3. Continuation

Proforma I: Public Issue (continuation)

The Public Issue shall be allocated to prospective investors in the following manner (continuation):-

(b) Private Placement

28,000,000 of Ideal Jacobs Shares representing 23.33% of the enlarged issued and paid-up share capital will be made available for application by way of Private Placement to identified investors.

Proforma II: Utilisation of Proceeds

The gross proceeds arising from the Public Issue amounting to RM8,100,000 are expected to be fully utilised for the core business of Ideal Jacobs Group in the following manner:-

	RM
Capital expenditures	
- Establish an industrial label manufacturing plant in Suzhou, The People's Republic of China	1,500,000
- Launch a new production line for engineered Thermoplastic Composite products in the existing factory in Thailand	1,000,000
- Establish an industrial label manufacturing plant in northern region of Malaysia	800,000
Working capital	1,800,000
Listing expenses	3,000,000
	8,100,000

The listing expenses are estimated at RM3,000,000 and will be set off against the share premium account and profit and loss account.

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8. FINANCIAL INFORMATION

IDEAL JACOBS (MALAYSIA) CORPORATION BHD.
(Company No: 857363 U)
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(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
(CONTINUATION)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSTION (CONTINUATION)

3. Continuation

Proforma II: Utilisation of Proceeds (continuation)

As at 31 October 2010, there is an amount owing by Company to its holding company, Ideal Jacobs Corporation USA ("IJUS") amounting to USD687,326 (RM2,138,628) of which approximately RM1,338,628 were utilised for payment of listing expenses and approximately RM300,000 and RM500,000 were utilised as operational expenses of Ideal Jacobs and as working capital of the subsidiary company in Thailand respectively.

The Company intends to utilise approximately RM800,000 and RM1,338,628 out of the amount allocated for the working capital and listing expenses respectively to repay its holding company, IJUS.

4. **SHARE CAPITAL**

The movement of the issued and paid-up share capital account is as follows:

	RM
At 31 October 2010	9,000,100
Public Issue	<u>3,000,000</u>
Proforma I to II	<u><u>12,000,100</u></u>

5. **SHARE PREMIUM**

The movement of the share premium account is as follows:

	RM
At 31 October 2010	-
Public Issue	<u>5,100,000</u>
Proforma I	5,100,000
Utilisation of Proceeds from Public Issue – Listing expenses	<u>(859,995)</u>
Proforma II	<u><u>4,240,005</u></u>

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8. FINANCIAL INFORMATION

IDEAL JACOBS (MALAYSIA) CORPORATION BHD.
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(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
(CONTINUATION)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSTION (CONTINUATION)

6. TRANSLATION RESERVE

The movement of the translation reserve account is as follows:-

	RM
At 31 October 2010/Proforma I to II	<u>(213,198)</u>

7. STATUTORY RESERVE

The movement of the statutory reserve account is as follows:-

	RM
At 31 October 2010/Proforma I to II	<u>454,438</u>

8. UNAPPROPRIATED PROFIT

The movement of the unappropriated profit account is as follows:

	RM
At 31 October 2010/Proforma I	2,626,951
Utilisation of Proceeds from Public Issue - Listing expenses	<u>(2,140,005)</u>
Proforma II	<u>486,946</u>

9. FINANCE CREDITOR

The movement of the finance creditor account is as follows:-

	RM
At 31 October 2010/Proforma I to II	<u>107,666</u>

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8. FINANCIAL INFORMATION

IDEAL JACOBS (MALAYSIA) CORPORATION BHD.
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 AND ITS SUBSIDIARY COMPANIES

(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUATION)**
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUATION)
10. PROPERTY, PLANT AND EQUIPMENT

The movement of the property, plant and equipment account is as follows:

	Furniture and fitting RM	Office equipment RM	Tools RM	Plant and Machinery RM	Renovations RM	Building RM	Motor vehicle RM	Capital work in progress RM	Computer accessories RM	Total RM
Cost										
At 31 October 2010/Proforma I	81,662	358,872	213,439	1,833,862	336,021	1,970,706	493,530	87,273	10,598	5,385,963
Utilisation of proceeds from Public Issue- Capital expenditures	-	-	-	3,300,000	-	-	-	-	-	3,300,000
Proforma IV	81,662	358,872	213,439	5,133,862	336,021	1,970,706	493,530	87,273	10,598	8,685,963
Accumulated depreciation										
At 31 October 2010/Proforma I to II	14,168	222,166	30,446	605,468	106,809	472,970	34,931	-	817	1,487,775
Net carrying amount										
At 31 October 2010/Proforma I	67,494	136,706	182,993	1,228,394	229,212	1,497,736	458,599	87,273	9,781	3,898,188
Utilisation of proceeds from Public Issue- Capital expenditures	-	-	-	3,300,000	-	-	-	-	-	3,300,000
Proforma II	67,494	136,706	182,993	4,528,394	229,212	1,497,736	458,599	87,273	9,781	7,198,188

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8. FINANCIAL INFORMATION

IDEAL JACOBS (MALAYSIA) CORPORATION BHD.
(Company No: 857363 U)
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AND ITS SUBSIDIARY COMPANIES

(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
(CONTINUATION)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUATION)

11. DEFERRED TAX ASSETS

The movement of deferred tax assets account is as follows:

	RM
At 31 October 2010/Proforma I to II	199,639

12. GOODWILL ON CONSOLIDATION

The movement of the goodwill on consolidation account is as follows:

	RM
At 31 October 2010/Proforma I to II	146,779

13. INVENTORIES

The movement of the inventories account is as follows:

	RM
At 31 October 2010 /Proforma I to II	1,560,050
The analysis of inventories is as follows:	
At costs:-	
Raw materials	1,138,785
Finished goods	918,283
Work-in-progress	28,489
Material supplies	1,400
Packing materials	366
	2,087,323
Less: Allowance for slow moving inventories	(527,273)
	1,560,050

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8. FINANCIAL INFORMATION

IDEAL JACOBS (MALAYSIA) CORPORATION BHD.
(Company No: 857363 U)
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(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
(CONTINUATION)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUATION)

14. RECEIVABLES

The movement of the receivables account is as follows:

	RM
At 31 October 2010/Proforma I	6,319,469
Utilisation of Proceeds from Public Issue	
- Listing expenses	<u>(1,888,818)</u>
 Proforma II	 <u>4,430,651</u>
 <u>Details:-</u>	
Trade receivables	3,699,110
Advances to employees	341,378
Advances to suppliers	118,351
Deposits	95,654
Non-trade receivables	2,148
VAT receivable	88,535
Prepaid listing expenses	-
Prepayments	<u>85,475</u>
	<u>4,430,651</u>

15. FIXED DEPOSITS WITH A LICENSED-BANK

The movement of the fixed deposits with a licensed bank account is as follows:

	RM
At 31 October 2010/Proforma I to II	<u>2,727,270</u>

16. CASH AND BANK BALANCES

The movement of the cash and bank balances account is as follows:

	RM
At 31 October 2010	1,160,662
Public Issue	<u>8,100,000</u>
 Proforma I	 9,260,662

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8. FINANCIAL INFORMATION

IDEAL JACOBS (MALAYSIA) CORPORATION BHD.
(Company No: 857363 U)
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(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
(CONTINUATION)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUATION)

16. CASH AND BANK BALANCES (CONTINUATION)

The movement of the cash and bank balances account is as follows: (continuation)

Utilisation of Proceeds from Public Issue	
- Capital expenditures	(3,300,000)
- Listing expenses	(1,111,182)
- Repayment to holding company:	
- Working capital	(800,000)
- Listing expenses	<u>(1,338,628)</u>
Proforma II	<u>2,710,852</u>

Cash and bank balances are denominated in the following currencies:

	RM
USD	83,543
RMB	1,009,621
BAHT	44,610
Ringgit Malaysia (assumed remaining listing proceeds after utilisation of listing proceeds)	<u>1,573,078</u>
	<u>2,710,852</u>

17. PAYABLES

The movement of the payables account is as follows:

	RM
At 31 October 2010/Proforma I to II	<u>2,034,915</u>
<u>Details:-</u>	
Trade payables	1,296,903
VAT payable	11,730
Other payables	371,195
Accrued liabilities	220,233
Advance from customers	45,012
Hire purchase creditor	<u>89,842</u>
	<u>2,034,915</u>

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8. FINANCIAL INFORMATION

IDEAL JACOBS (MALAYSIA) CORPORATION BHD.
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(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
(CONTINUATION)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUATION)

18. AMOUNT DUE TO/(FROM) HOLDING COMPANY

The movement of the amount due to/(from) holding company account is as follows:

	RM
Trade receivables	(269,466)
Trade payables	58,208
Non trade payables	<u>2,138,628</u>
	<u>1,927,370</u>
At 31 October 2010/Proforma I	1,927,370
Utilisation of Proceeds from Public Issue	
Repayment to holding company by using allocated	
Public Issue proceeds for:-	
- Working capital	(800,000)
- Listing expenses	<u>(1,338,628)</u>
Proforma II	<u>(211,258)</u>

19. AMOUNT DUE TO A DIRECTOR

The movement of the amount due to a director account is as follows:-

	RM
At 31 October 2010/Proforma I to II	<u>46,620</u>

20. TAX PAYABLE

The movement of the tax payable account is as follows:-

	RM
At 31 October 2010/Proforma I to II	<u>27,195</u>

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IDEAL JACOBS (MALAYSIA) CORPORATION BHD.
(Company No: 857363 U)
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(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
(CONTINUATION)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUATION)

21. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE

On 13 January 2011, a subsidiary company, Ideal Jacobs (Xiamen) Corporation has entered into a lease agreement for the lease of a premise located at Gangtian Industrial Square, Suzhou, PRC for use as a factory and office.

The future contractual lease rental commitments are as follows:-

<u>Tenant period</u>	RM
1.5.2011 to 30.4.2012	119,281
1.5.2012 to 30.4.2013	125,558
1.5.2013 to 30.4.2014	131,836
	<u>376,675</u>

On 17 February 2011, a subsidiary company, Ideal Jacobs (Xiamen) Corporation has entered into a Sale and Purchase agreement amounted RM935,713 for the purchase of a premise located at Unit 2801, Block C, Xin Jing Center, No. 25 Jia He Road, Xiamen, China.

On 2 April 2011, a subsidiary company, Ideal Jacobs (Xiamen) Corporation has entered into a construction project contract amounted to RM188,346 for the renovation on the premise located at Gangtian Industrial Square, Suzhou, PRC with Suzhou Tri Falcon Decoration Engineering Co., Ltd.

22. RENTAL COMMITMENT

The future contractual rental commitments are as follows:-

	RM
Within one year	305,824
Later than one year but not more than 5 years	164,074
	<u>469,898</u>

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8. FINANCIAL INFORMATION

IDEAL JACOBS (MALAYSIA) CORPORATION BHD.
 (Company No: 857363 U)
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 AND ITS SUBSIDIARY COMPANIES

(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 (CONTINUATION)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
 POSITION (CONTINUATION)**

23. **NET TANGIBLE ASSETS AND NET ASSETS PER ORDINARY SHARE**

Based on the Proforma Consolidated Statements of Financial Position of Ideal Jacobs Group as at 31 October 2010, the proforma net tangible assets (“NTA”) and net assets (“NA”) per share is calculated as follows:

	RM
Proforma NTA as per Proforma Consolidated Statements of Financial Position (RM)	<u>16,821,512</u>
Proforma NA as per Proforma Consolidated Statements of Financial Position (RM)	<u>16,968,291</u>
Total number of fully issued and paid-up ordinary share of RM0.10 each	<u>120,001,000</u>
Proforma NTA per ordinary share of RM0.10 each (RM)	<u>0.14</u>
Proforma NA per ordinary share of RM0.10 each (RM)	<u>0.14</u>

(iii) **PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS**

The following is the Proforma Consolidated Statement of Cash Flows of Ideal Jacobs Group prepared for illustrative purpose based on the audited financial statements of Ideal Jacobs Group for the FPE 31 October 2010.

Period ended	31 October 2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	4,033,455
Adjustments for:-	
Allowance for slow moving inventories	67,042
Depreciation	427,368
Interest expense	10,845
Unrealised gain on foreign exchange	(8,648)
Interest income	(6,434)

Stamped for the purpose of identification on:
13 APR 2011
 SJ Grant Thornton

8. FINANCIAL INFORMATION

IDEAL JACOBS (MALAYSIA) CORPORATION BHD.
(Company No: 857363 U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

(iii) PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUATION)

The following is the Proforma Consolidated Statement of Cash Flows of Ideal Jacobs Group prepared for illustrative purpose based on the audited financial statements of Ideal Jacobs Group for the FPE 31 October 2010 (continuation)

Period ended	31 October 2010 RM
Operating profit before working capital changes	4,523,628
Changes in working capital:-	
Inventories	(669,088)
Receivables	(2,794,824)
Director	47,560
Holding company	2,238,391
Former holding company	665,516
Shareholder	48,608
Payables	750,207
Cash generated from operations	4,809,998
Interest received	6,434
Interest paid	(10,845)
Tax paid	(850,008)
Net cash generated from operating activities	3,955,579
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	
- by working capital	(412,093)
- by listing proceeds	(3,300,000)
Net cash used in investing activities	(3,712,093)
CASH FLOWS FROM FINANCING ACTIVITIES	
Listing proceeds through Public Issue	8,100,000
Payment of dividends	(1,207,250)
Listing expenses paid	(1,111,182)
Repayment to holding company by using allocated Public Issue proceeds for:-	
- Working capital	(800,000)
- Listing expenses	(1,338,628)
Repayment of hire purchase creditor	(84,066)
Net cash generated from financing activities	3,558,874
Effect of foreign exchange translation	10,638
CASH AND CASH EQUIVALENTS	
Net increase	3,812,998
Effect of exchange rate changes	(210,831)
Brought forward	1,835,955
Carried forward	5,438,122

Stamped for the purpose of identification on:
13 APR 2011
 SJ Grant Thornton

8. FINANCIAL INFORMATION

IDEAL JACOBS (MALAYSIA) CORPORATION BHD.
(Company No: 857363 U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

(iii) PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUATION)

The following is the Proforma Consolidated Statement of Cash Flows of Ideal Jacobs Group prepared for illustrative purpose based on the audited financial statements of Ideal Jacobs Group for the FPE 31 October 2010 (continuation)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position items:-

	31 October 2010
	RM
Fixed deposits with a licensed bank	2,727,270
Cash and bank balances	2,710,852
	5,438,122

The Proforma Consolidated Statement of Cash Flows has been prepared based on the audited financial statements of Ideal Jacobs Group as at 31 October 2010, with the assumption that Public Issue and Utilisation of Listing Proceeds have been completed.

The Proforma Consolidated Statements of Cash Flows have been prepared based on accounting principles and basis consistent with those normally adopted in the preparation of audited Financial Statements of Ideal Jacobs Group.

←————— **End of report** —————→

Stamped for the purpose of identification on:
13 APR 2011
 SJ Grant Thornton

9. ACCOUNTANTS' REPORT



Grant Thornton

(PREPARED FOR INCLUSION IN THIS PROSPECTUS)

Date: 13 April 2011

The Board of Directors
Ideal Jacobs (Malaysia) Corporation Bhd.
Level 15-2, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

SJ Grant Thornton (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Dear Sirs,

**IDEAL JACOBS (MALAYSIA) CORPORATION BHD. ("IDEAL JACOBS")
AND ITS SUBSIDIARY COMPANIES ("IDEAL JACOBS GROUP" OR "THE GROUP")**

ACCOUNTANTS' REPORT

1. INTRODUCTION

This report has been prepared by us, an approved company auditor, for inclusion in this Prospectus in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of Ideal Jacobs on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") which includes the following:-

(i) Public Issue

Public Issue of 30,000,000 new ordinary shares of RM0.10 each in Ideal Jacobs ("Ideal Jacobs Shares") at an issue price of RM0.27 per Ideal Jacobs Share.

The Public Issue shall be allocated to prospective investors in the following manner:-

(a) General Public

2,000,000 of Ideal Jacobs Shares representing 1.67% of the enlarged issued and paid-up share capital will be made available for application by the General Public; and

(b) Private Placement

28,000,000 of Ideal Jacobs Shares representing 23.33% of the enlarged issued and paid-up share capital will be made available for application by way of Private Placement to identified investors.



1. INTRODUCTION (CONT'D)

(ii) Listing and Quotation on the ACE Market of Bursa Securities

In conjunction with the Flotation Exercise (as defined in Section 2.1.1), Ideal Jacobs seeks the admission and the listing of and quotation for the entire enlarged issued and paid-up share capital of Ideal Jacobs comprising 120,001,000 Ideal Jacobs Shares on the Official List of the ACE Market of Bursa Securities.

2. GENERAL INFORMATION

2.1 Background

The Company was incorporated and domiciled in Malaysia under the Companies Act, 1965 on 18 May 2009 as a private limited liability company under the name of Ideal Jacobs (Malaysia) Corporation Sdn. Bhd. ("Ideal Jacobs"). The Company was converted to public company on 6 April 2010 under the name of Ideal Jacobs (Malaysia) Corporation Bhd..

2.1.1 Flotation Exercise

As an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of Ideal Jacobs, Ideal Jacobs Group undertook the Flotation Exercise that involves the following:-

(i) Sub-division of Shares

Ideal Jacobs sub-divided the par value of the ordinary shares of RM1.00 each in Ideal Jacobs into RM0.10 each. Upon completion of the Sub-division of Shares, the issued and paid-up share capital of Ideal Jacobs will be RM100 comprising 1,000 Ideal Jacobs Shares.

The Sub-division of Shares was completed on 27 January 2010.

(ii) Acquisition of Subsidiary Company

Acquisition of the entire registered and paid-up capital of Ideal Jacobs (Xiamen) Corporation ("IJX") comprising USD1,260,000 (RMB10,379,980) registered and paid-up capital which represents 100% equity interest in IJX for a total purchase consideration of RM9 million to be wholly satisfied through the issuance of 90,000,000 new Ideal Jacobs Shares.

Prior to acquisition of IJX, IJX has declared dividend to its existing shareholders amounted to RMB2,500,000 on 22 February 2010. The dividend have been paid after the acquisition.

The Acquisition of Subsidiary Company was legally completed on 31 May 2010. However, the effective control was transferred on 23 March 2010 in accordance with FRS 3 Business Combination.

9. ACCOUNTANTS' REPORT**2. GENERAL INFORMATION (CONT'D)****2.1 Background (cont'd)****2.1.1 Flotation Exercise (cont'd)****(iii) Public Issue**

Public Issue of 30,000,000 new ordinary shares of RM0.10 each in Ideal Jacobs ("Ideal Jacobs Shares") at an issue price of RM0.27 per Ideal Jacobs Share.

The Public Issue shall be allocated to prospective investors in the following manner:-

(a) General Public

2,000,000 of Ideal Jacobs Shares representing 1.67% of the enlarged issued and paid-up share capital will be made available for application by the General Public;

(b) Private Placement

28,000,000 of Ideal Jacobs Shares representing 23.33% of the enlarged issued and paid-up share capital will be made available for application by way of Private Placement to identified investors.

(iv) Listing and Quotation on the ACE Market of Bursa Securities

In conjunction with the Flotation Exercise, Ideal Jacobs seeks the admission and the listing of and quotation for the entire enlarged issued and paid-up share capital of Ideal Jacobs comprising 120,001,000 Ideal Jacobs Shares on the Official List of the ACE Market of Bursa Securities.

The gross proceeds arising from the Public Issue amounting to RM8,100,000 are expected to be fully utilised for the core business of Ideal Jacobs Group in the following manner:-

	RM'000
Capital expenditures	
- Establish an industrial label manufacturing plant in Suzhou, The People's Republic of China	1,500
- Launch a new production line for engineered Thermoplastic Composite products in the existing factory in Thailand	1,000
- Establish an industrial label manufacturing plant in northern region of Malaysia	800
Working capital	1,800
Listing expenses	3,000
	8,100

The listing expenses are estimated at RM3,000,000 and will be set off against the share premium account and profit or loss account.

9. ACCOUNTANTS' REPORT**2. GENERAL INFORMATION (CONT'D)****2.2 Share capital**

The changes in the Company's authorised share capital since the date of its incorporation and up to the date of this report were as follows:-

Date of Creation	Number of Ordinary Shares	Par Value RM	Cumulative Total RM
18 May 2009	100,000	1.00	100,000
27 January 2010	900,000	0.10	100,000
30 April 2010	249,000,000	0.10	25,000,000

The changes in the Company's issued and fully paid-up share capital since the date of its incorporation and up to the date of this report were as follows:-

Date of Allotment	Number of Ordinary Shares	Par Value RM	Consideration	Cumulative Total RM
18 May 2009	100	1.00	Cash	100
27 January 2010	900	0.10	Sub-division of shares	100
31 May 2010	90,000,000	0.10	Acquisition of a subsidiary company	9,000,100

2.3 Principal activity

The Company is principally engaged in investment holding.

The principal activity of its subsidiary companies are as follows:-

Name of company	Effective ownership	Principal activities	Date and place of incorporation
Ideal Jacobs (Xiamen) Corporation ("IJX")	100%	#	3 February 2005 The People's Republic of China
Ideal Jacobs Corporation (Thailand) Limited. ("IJT")	100%	*	17 September 2009 Thailand

Ideal Jacobs, IJX and IJT are collectively referred to as "Ideal Jacobs Group".

The principal activity of IJX is engaged in manufacture of Industrial Labels, Nameplates and Laser/Die-cut Products and fabrication of plastic parts.

* The principal activity of IJT is engaged in manufacture of Industrial Labels, Nameplates and Die-cut Products.

9. ACCOUNTANTS' REPORT**2. GENERAL INFORMATION (CONT'D)****2.4 Share capital history of subsidiary companies****(i) IJX**

- (a) The present registered and paid-up capital of IJX is USD1,260,000.
- (b) The contributions to IJX's paid-up capital since the date of its incorporation and up to the date of this report were as follows:-

Date of Contribution	Value USD	Consideration	Cumulative total USD
20 June 2005	745,978	Cash	745,978
28 September 2006	369,622	Cash	1,115,600
28 September 2006	144,400	Other than cash	1,260,000

(ii) IJT

- (a) The changes in IJT's authorised share capital since the date of its incorporation and up to date of this report were as follows:-

Date of creation	Number of ordinary shares	Par Value BAHT	Cumulative total BAHT
15 September 2009	3	100	300
17 September 2009	99,997	100	10,000,000

- (b) The changes in IJT's issued and fully paid-up capital since the date of its incorporation and up to date of this report were as follows:-

Date of allotment	Number of ordinary shares	Par Value BAHT	Consideration	Cumulative total BAHT
15 September 2009	3	100	Cash	300
17 September 2009	99,997	100	Nil paid	300
11 December 2009	-	100	Cash and property, plant and equipment	10,000,000

3. FINANCIAL STATEMENTS AND AUDITORS**A. Ideal Jacobs and IJX**

The financial statements of Ideal Jacobs and IJX for the financial period/years under review were audited by us. All financial statements were reported without any audit qualification.

9. ACCOUNTANTS' REPORT**3. FINANCIAL STATEMENTS AND AUDITORS (CONT'D)****B. IJT**

The financial statements for the relevant financial period were audited by McMillan Woods (Thailand) Limited (formerly known as Parker Randall Thailand).

The financial statements were reported without any audit qualification.

The auditors' report of the financial statements of Ideal Jacobs, IJX and IJT for the relevant financial years and period under review are set out in Appendix I to VI respectively. For the purpose of the prospectus, the translated auditors' report in Bahasa Malaysia version will be the unsigned copy.

4. CONVERSION RATE

The functional currency of Ideal Jacobs, IJX and IJT are Ringgit Malaysia ("RM"), Renminbi ("RMB") and Thai Baht ("BAHT") respectively.

In the preparation of this report, we have converted all figures stated in RMB and BAHT to RM. The applied rates of exchange for the Financial Years Ended ("FYE") and Financial Periods Ended ("FPE") under review are as below:-

	<u>Statement of financial position at closing rate</u>	<u>Statement of comprehensive income at average rate</u>
FYE 2007	RMB1:RM0.4534	RMB1:RM0.4518
FYE 2008	RMB1:RM0.5084	RMB1:RM0.4819
FYE 2009	RMB1:RM0.5019	RMB1:RM0.5157
	BAHT100: RM10.2774	BAHT100:RM10.2588
FPE 2009	RMB1:RM0.4998	RMB1:RM0.5189
	BAHT100: RM10.2064	BAHT100: RM10.2712
FPE 2010	RMB1:RM0.4662	RMB1:RM0.4756
	BAHT100: RM10.3803	BAHT100:RM10.0980

The translation from RMB and BAHT into RM in this report is to comply with the requirements of Prospectus Guidelines – Paragraph 13.12 where all financial statements prepared in currency other than RM must be translated into RM.

5. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group have been prepared in accordance with the Financial Reporting Standards issued by Malaysian Accounting Standards Board ("MASB").

9. ACCOUNTANTS' REPORT



6. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within policies that are approved by the Board and the Group's policies are not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:-

(a) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal operating activities, both external and intra-group where the currency denominated in a currency other than the respective functional currencies of the Group's activities. The Group's guidelines are to minimise the exposure of overseas operating activities to transaction risk by matching local currency income against local currency costs.

The Group carries out its business in Malaysia, the People's Republic of China ("PRC") and Thailand and most of the transactions are denominated in Ringgit Malaysia ("RM"), United States Dollars ("USD"), Thai Baht ("BAHT") and Renminbi ("RMB"). The Group monitors its foreign currency exposure closely and where necessary, considers hedging significant foreign currency exposure.

Group	<u>RM</u> RM	<u>USD</u> RM	<u>RMB</u> RM	<u>BAHT</u> RM	<u>Total</u> RM
31 October 2010					
Financial Assets					
Cash and bank balances	22,888	83,543	3,736,891	44,610	3,887,932
Trade and other receivables	1,934,926	785,198	3,464,465	134,880	6,319,469
	<u>1,957,814</u>	<u>868,741</u>	<u>7,201,356</u>	<u>179,490</u>	<u>10,207,401</u>
Financial Liabilities					
Amount due to holding company	-	1,927,370	-	-	1,927,370
Amount due to a Director	-	-	46,620	-	46,620
Trade and other payables	82,400	635,117	1,184,639	42,917	1,945,073
Hire purchase creditor	-	-	197,508	-	197,508
	<u>82,400</u>	<u>2,562,487</u>	<u>1,428,767</u>	<u>42,917</u>	<u>4,116,571</u>

9. ACCOUNTANTS' REPORT



6. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Foreign currency risk (cont'd)

Group (cont'd)	<u>RM</u> RM	<u>USD</u> RM	<u>RMB</u> RM	<u>BAHT</u> RM	<u>Total</u> RM
31 October 2010 (cont'd)					
Less: Net financial assets denominated in functional currency	1,875,414	-	-	-	1,875,414
Net currency exposure on financial assets	-	(1,693,746)	5,772,589	136,573	4,215,416

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, RMB and BAHT exchange rates against the respective functional currencies of the Group entities, with all other variable held constant.

		<u>Group</u> 1.1.2010 to 31.10.2010 RM Increase/(Decrease) Profit net of tax
RM/RMB	- strengthened 0.2%	(3,191)
	- weakened 0.2%	3,191
RM/USD	- strengthened 4%	(68,502)
	- weakened 4%	68,502
RMB/USD	- strengthened 4%	(27,473)
	- weakened 4%	27,473
BAHT/RMB	- strengthened 3%	704
	- weakened 3%	(704)
BAHT/USD	- strengthened 7%	46,560
	- weakened 7%	(46,560)

The exposure to foreign exchange risk vary during the financial period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of change in market interest rates.

9. ACCOUNTANTS' REPORT



6. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Interest rate risk (cont'd)

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward changes in interest rates while enabling benefits to be enjoyed if interest rates fall.

Interest rate sensitivity analysis

The Group does not expose to interest rate risk as the Group maintains fixed rate borrowing.

(c) Liquidity and cash flow risks

Liquidity of funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

Analysis of financial instruments by contractual maturities

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:-

Group	Less than <u>1 year</u> RM	Between 2 <u>and 3 years</u> RM	<u>Total</u> RM
As at 31 October 2010			
Trade Payable	1,296,903	-	1,296,903
Other payables	648,170	-	648,170
Amount due to holding company	1,927,370	-	1,927,370
Amount due to a Director	46,620	-	46,620
Hire purchases creditor	89,842	107,666	197,508
	<u>4,008,905</u>	<u>107,666</u>	<u>4,116,571</u>

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The allowance for impairment loss is based on a review of the expected collectability of trade and other receivables.

9. ACCOUNTANTS' REPORT



6. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(d) Credit risk (cont'd)*Exposure to credit risk*

The Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group has no significant concentration of credit risk with any single counterparty except for the following:-

31 October 2010

19% and 11% of trade receivables at the reporting date were due from Pentair Technical Products China and Celestica Thailand Ltd respectively.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

The aging analysis of trade receivables is as follows:-

Group	31 October 2010	
	RM	%
Neither past due nor impaired	2,889,707	78
Past due 0 to 1 month not impaired	654,238	18
Past due 1 to 2 months not impaired	108,076	3
Past due more than 2 months not impaired	47,089	1
	<u>3,699,110</u>	<u>100</u>

There is no impairment loss recognised in the relevant period since all receivables are collectable and directors expect all balances to be recoverable.

Deposits with banks that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

There are no financial assets of the Group either past due or impaired.

9. ACCOUNTANTS' REPORT

**6. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(e) Market price risk**

Market price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Market price sensitivity analysis

The Group does not hold any quoted or marketable financial instrument, hence is not exposed to any movement in market prices.

7. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new share capital. No changes were made in the objective, policies or processes during the financial period ended 31 October 2010 and financial period ended 31 December 2009.

The subsidiary company in PRC is required by the Foreign Enterprise Law of the PRC to contribute and to maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the subsidiary company in PRC for the financial period ended 31 October 2010.

8. SIGNIFICANT ACCOUNTING POLICIES**(a) Accounting convention**

The financial statements of the Group have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

9. ACCOUNTANTS' REPORT

**8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Adoption of Financial Reporting Standards ("FRSs") (cont'd)**

The following FRSs, Amendments and IC Interpretations ("IC Int") have been adopted by the Group effective for the financial period beginning on or after 1 January 2010:-

1)	Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
2)	Amendments to FRS 2	Share-based Payment – Vesting Conditions and Cancellations
3)	FRS 4	Insurance Contracts
4)	Amendment to FRS 5	Improvements to FRSs
5)	FRS 7	Financial Instruments: Disclosures
6)	Amendments to FRS 7	Financial Instruments: Disclosures
7)	FRS 8	Operating Segments
8)	Amendment to FRS 8	Improvements to FRSs
9)	FRS 101	Presentation of Financial Statements
10)	Amendment to FRS 107	Improvements to FRSs
11)	Amendment to FRS 108	Improvements to FRSs
12)	Amendment to FRS 110	Improvements to FRSs
13)	Amendment to FRS 116	Improvements to FRSs
14)	Amendment to FRS 117	Improvements to FRSs
15)	Amendment to FRS 118	Improvements to FRSs
16)	Amendment to FRS 119	Improvements to FRSs
17)	Amendment to FRS 120	Improvements to FRSs
18)	FRS 123	Borrowing Costs
19)	Amendment to FRS 123	Improvements to FRSs
20)	Amendments to FRS 127	Consolidated and Separate Financial Statements : Cost of an Investment in a subsidiary, Jointly Controlled Entity or Associate
21)	Amendment to FRS 127	Improvements to FRSs
22)	Amendment to FRS 128	Improvements to FRSs
23)	Amendment to FRS 129	Improvements to FRSs
24)	Amendment to FRS 131	Improvements to FRSs
25)	Amendments to FRS 132	Financial Instruments: Presentation
26)	Amendment to FRS 134	Improvements to FRSs
27)	Amendment to FRS 138	Improvements to FRSs
28)	FRS 139	Financial Instruments: Recognition and Measurement
29)	Amendment to FRS 140	Improvements to FRSs
30)	IC Int 9	Reassessment of Embedded Derivatives
31)	IC Int 10	Interim Financial Reporting and Impairment
32)	IC Int 11	FRS 2 - Group and Treasury Share Transactions
33)	IC Int 13	Customer Loyalty Programmes
34)	IC Int 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction



8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Adoption of Financial Reporting Standards ("FRSs") (cont'd)

The following FRSs, Amendments and IC Interpretations ("IC Int") have been adopted by the Group effective for the financial period beginning on or after 1 January 2010 (cont'd):-

FRS 1, 2, 4, 5, 8, 120, 123, 128, 129, 131, 134, 138, 140, IC Int 10, 11, 13 and 14 are not applicable to the Group's operations.

Adoption of the above relevant FRSs did not have any effect on the financial performance or position of the Company except for those discussed below:-

FRS 7 Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital. By virtue of paragraph 44AA of FRS 7, when this standard is first applied, the Group is encouraged but not required to present any of the comparative disclosures required by this standard and by virtue of paragraph 44AB of FRS 7, the impact on the financial statements upon first adoption of this standard as required by paragraph 30 (b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed, if any.

The Group does not present the comparative disclosures by virtue of paragraph 44AA of FRS7.

FRS 101 Presentations of Financial Statements

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group.

9. ACCOUNTANTS' REPORT



8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Adoption of Financial Reporting Standards ("FRSs") (cont'd)FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. By virtue of the exemption in paragraph 103AB of FRS 139, the impact on the financial statements upon first adoption of this standard as require by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed, if any.

The Group has not early adopted the following new/revised Standards and IC Interpretations ("IC Int") that have been issued by Malaysian Accounting Standards Board ("MASB"):-

Effective for accounting period beginning on or after 1 March 2010

Amendments to FRS 132 Financial Instruments: Presentation

Effective for accounting period beginning on or after 1 July 2010

FRS 1 First-time Adoption of Financial Reporting Standards

FRS 3 Business Combinations

FRS 127 Consolidated and Separate Financial Statements

Amendments to FRS 2 Share-based Payment

Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 138 Intangible Assets

Amendments to IC Int 9 Reassessment of Embedded Derivatives

IC Int 12 Service Concession Arrangements

IC Int 16 Hedges of a Net Investment in a Foreign Operation

IC Int 17 Distributions of Non-cash Assets to Owners

Effective for accounting period beginning on or after 30 August 2010

Amendments to IC Int 15 Agreements for the Construction of Real Estate

9. ACCOUNTANTS' REPORT


8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
(b) Adoption of Financial Reporting Standards ("FRSs") (cont'd)

The Group has not early adopted the following new/revised Standards and IC Interpretations ("IC Int") that have been issued by Malaysian Accounting Standards Board ("MASB") (cont'd):-

Effective for accounting period beginning on or after 1 January 2011

Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 1	Improvements to FRSs
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3	Improvements to FRSs
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 7	Improvements to FRSs
Amendments to FRS 101	Improvements to FRSs
Amendments to FRS 121	Improvements to FRSs
Amendments to FRS 128	Improvements to FRSs
Amendments to FRS 131	Improvements to FRSs
Amendments to FRS 132	Improvements to FRSs
Amendments to FRS 134	Improvements to FRSs
Amendments to FRS 139	Improvements to FRSs
IC Int 4	Determining Whether an Arrangement contains a Lease
IC Int 18	Transfers of Assets from Customers
Amendments to IC Int 13	Improvements to FRSs

9. ACCOUNTANTS' REPORT


8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
(b) Adoption of Financial Reporting Standards ("FRSs") (cont'd)

The Group has not early adopted the following new/revised Standards and IC Interpretations ("IC Int") that have been issued by Malaysian Accounting Standards Board ("MASB") (cont'd):-

Effective for accounting period beginning on or after 1 July 2011

Amendments to IC Int 14 Prepayments of a Minimum Funding Requirement

IC Int 19 Extinguishing Financial Liabilities with Equity Instruments

Effective for accounting period beginning on or after 1 January 2012

FRS 124 Related Party Disclosures

IC Int 15 Agreements for the Construction of Real Estate

The existing FRS 1, FRS 3 and FRS 127 will be withdrawn upon the adoption of the new requirements that take effect on 1 July 2010. FRS 2012004 will be withdrawn with the issuance of IC Int 15.

Other than FRS 132 and IC Int 9, all the above IC Interpretations and FRSs are not applicable to the Group's operations and FRS 132 and IC Interpretation 9 do not have impact to the Group.

(c) Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Goodwill

The Group determines whether goodwill is impaired at least once annually. This requires the estimation of the value in use of the cash-generating units to which goodwill are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flow from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of the those cash flows.

9. ACCOUNTANTS' REPORT

**8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(c) Significant Accounting Estimates and Judgements (cont'd)****Key sources of estimation uncertainty (cont'd)****Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with future tax planning strategies.

Income taxes/Deferred tax liabilities

The Group is exposed to income taxes in numerous jurisdictions. Significant judgement is involved in determining Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised tax liabilities based on estimates of whether additional taxes will be due. Where final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact income tax and deferred tax provisions in the period in which such determination is made.

Impairment of property, plant and equipment

The Group carried out impairment tests based on a variety of estimation including value-in-use of cash-generating unit to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from cash-generating unit and also to choose a suitable discount rate in order to calculate present value of those cash flows.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their useful life. The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed on a periodical basis and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

9. ACCOUNTANTS' REPORT**8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Basis of consolidation**

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated on consolidation unless cost cannot be recovered.

The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

Acquisition of subsidiary companies is accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 8(g).

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income on the date of acquisition.

Subsidiary companies are consolidated using the acquisition method of accounting from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unimpaired balance of goodwill on acquisition and exchange differences.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and less any impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

9. ACCOUNTANTS' REPORT



8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and equipment (cont'd)

Depreciation is calculated using the straight-line method to allocate their cost over their estimate useful lives as follows:-

	Rate	Residual value
Buildings	4.5%	10%
Furniture and fitting	10% - 20%	-
Motor vehicles	9%	10%
Machinery	20%	-
Office equipment and fixture	18% - 20%	10%
Plant and machineries	9%	10%
Renovation	10% -20%	-
Tools	20%	-
Computer accesories	20%	-

Fully depreciated property, plant and equipment are retained in the financial statements at net carrying value of 10% of the cost until they are no longer in use.

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The residual values, useful life and depreciation method are reviewed at each financial year to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the financial period in which the asset is derecognised.

(f) Capital work in progress

Capital work in progress of plant and machinery under construction/installation for intended use as facilities. The amount is stated at cost. Plant and machinery under construction is not depreciated until it is completed and ready for their intended use.

9. ACCOUNTANTS' REPORT

**8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(g) Goodwill**

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary company at the date of acquisition.

Goodwill arising on the acquisition of subsidiary company is presented separately in the statements of financial position.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

A cash-generating unit to which goodwill has been allocated are tested for impairment annually and, whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

An impairment loss recognised for goodwill should not be reversed in subsequent period. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Where goodwill forms part of a cash-generating unit and part of the operations within that unit is disposed off, the goodwill associated with the operations disposed off is included in the carrying amount of the operations when determining the gain or loss on disposal of the operations. Goodwill disposed off in these circumstances are measured based on the relative values of the operations disposed off and portion of the cash-generating unit retained.

(h) Subsidiary companies

A subsidiary company is a company in which the Company or the Group has the power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Investment in subsidiary companies is stated at cost less any impairment losses in the Company's statement of financial position. Where an indication of impairment exists, the carrying amount of the subsidiary companies is assessed and written down immediately to their recoverable amount.

9. ACCOUNTANTS' REPORT

**8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(i) Inventories**

Inventories are stated at the lower of cost and net realisable value after adequate specific allowance has been made by Director for deteriorated, obsolete and slow-moving inventories.

Cost of raw materials is determined using the weighted average method.

Cost of finished goods includes direct materials, labour and an appropriate proportion of manufacturing overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

(j) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash-generating unit is less than its carrying amount. Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

An impairment loss is recognised as an expense in the profit or loss immediately.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

All reversals of impairment losses are recognised as income immediately in the profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

(k) Financial assets

Financial assets which are within the scope of FRS 139, other than hedging instruments, are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. Financial assets which are initially recognised at fair value are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired.

9. ACCOUNTANTS' REPORT

**8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(k) Financial assets**

The designation of financial assets is re-evaluated and classification may be changes at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

De-recognition of financial assets occurs when the rights to receive cash flows from the assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each of the reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised.

Receivables

Receivables are measured initially at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowance for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(l) Impairment of financial assets*Receivables*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in notional or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment lost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

9. ACCOUNTANTS' REPORT


8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
(l) Impairment of financial assets (cont'd)
Receivables (cont'd)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, fixed deposits with a licensed bank, demand deposits and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(n) Financial liabilities

The Group's financial liabilities include trade payables, other payables and hire purchase creditors. Financial liabilities are recognised when the Group becomes a party to the contractual of the financial instrument.

Trade payables and other payables

Trade payables and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

Hire purchase creditors

Hire purchase creditors are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Hire purchase creditors are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognition in the profit or loss over the period of the hire purchase creditors using the effective interest method.

(o) Income tax
Current tax

Current tax expense is the expected amount of income taxes payable in respect of the taxable profit for the financial period and is measured using the tax rates that have been enacted by the reporting date. Current tax for current and prior periods is recognised as liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax liabilities and assets are provided for under liability method in respect of all temporary differences at reporting date between carrying amount of an asset or liability in the statements of financial position and its tax base including unused tax losses and capital allowances.

9. ACCOUNTANTS' REPORT


8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
(o) Income tax (cont'd)
Deferred tax (cont'd)

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Current and deferred tax are recognised as an expense or income in the profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

Value-added Tax ("VAT")

The Group's sale of goods in the Thailand and PRC are subjected to VAT at the applicable tax rate of 7% and 17% for Thailand and PRC domestic sales respectively. Input VAT on purchases can be deducted from output VAT. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "other receivables" or "other payables" in the statements of financial position.

Revenues, expenses and assets are recognised net of the amount of VAT except:

- where the VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

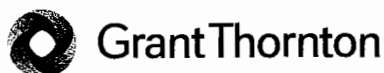
(p) Provision

Provisions are recognised when there is a present, legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

9. ACCOUNTANTS' REPORT


8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
(q) Revenue recognition

Revenue from sale of good is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and

Interest income is recognised on time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

(r) Borrowings costs

All borrowing costs are recognised as an expense in the profit or loss in the period in which they are incurred.

(s) Foreign currency transactions and balances

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency")

This report is presented in Ringgit Malaysia, which is also the functional currency of the Group.

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at reporting date.

The assets and liabilities of the foreign entities, including goodwill and fair value adjustments arising on the acquisitions, are translated to Ringgit Malaysia at the closing rates at the reporting date. The operating results are translated to Ringgit Malaysia at the exchange rates at the average rates during the financial year.

Financial statements of foreign consolidated subsidiary company are translated at year-end exchange rates with respect to the assets and liabilities. All resulting translation differences are included in the foreign exchange reserve in equity.

Gains and losses resulting from settlement of such transactions and conversion of monetary assets and liabilities, whether realised or unrealised, are included in the profit or loss as they arise.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are deemed to be assets and liabilities of the Group and translated at the exchange rate ruling at the date of the acquisition.

On disposal of a foreign entity, the cumulative amount of exchange differences deferred in equity relating to that foreign entity is recognised in the profit or loss as a component of the gain or loss on disposal.

9. ACCOUNTANTS' REPORT


8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
(s) Foreign currency transactions and balances (cont'd)

All other foreign exchange differences are taken to the statements of comprehensive income in the financial year in which they arise.

(t) Employee benefits
(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. 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.

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into independent entities of funds and will have no legal or constructive obligations to pay further contribution if any of the funds do not hold sufficient assets to pay all employees benefits relating to employee services in the current and preceding financial year.

The subsidiary company participates in the defined contribution national scheme as provided by the laws of the PRC. Obligation for contributions to defined plans are recognised as an expense in the profit or loss as incurred.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

Obligations for contributions to defined contribution plans are recognised as an expense in the profit or loss as incurred.

(iii) Retirement benefits scheme

Pursuant to the relevant regulations of PRC government, the subsidiary company established in the PRC participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiary company in the PRC is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiary company. The only obligation of the subsidiary company with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the profit or loss as incurred. There is no provision under the Scheme whereby forfeited contributions may be used to reduce future contributions.

9. ACCOUNTANTS' REPORT**8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(u) Statutory reserve**

In accordance with the relevant laws and regulations of the PRC, the subsidiary company established in the PRC is required to transfer 10% of its profit after taxation prepared in accordance with the accounting regulation of the PRC to the statutory reserve until the reserve balance reaches 50% of the registered capital. Such reserve may be used to offset unappropriated profit or increase the registered capital of the subsidiary company, subject to the approval from the PRC authorities, and are not available for dividend distribution to the shareholders.

(v) Government grants

Government grants used for financial support, assistance or to reimburse costs incurred by the Group are recognised in the profit or loss of the financial year in which they become receivable.

(w) Finance leases

Lease of property, plant and equipment acquired under hire purchase and finance lease arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised. The depreciation policy on these assets is similar to that of the Group's property, plant and equipment depreciation policy.

Outstanding obligation due under hire purchase and finance lease arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance charges on hire purchase and finance lease arrangements are allocated to profit or loss over the period of the respective agreements.

(x) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(y) Equity instruments

Ordinary shares are classified as equity which are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and shares premium are classified as equity. Dividends on ordinary shares are recognised as liabilities when declared.

The transaction costs of an equity transaction which comprise only those incremental external costs directly attributable to the equity transaction are accounted for as a deduction from equity, net of tax, from the proceeds.

9. ACCOUNTANTS' REPORT**9. HISTORICAL FINANCIAL INFORMATION****(a) Summarised statements of comprehensive income****(i) Ideal Jacobs Group**

The following table sets out the summary of the financial results prepared based on the audited financial statements of Ideal Jacobs Group for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation:-

Period Ended	18/5/2009 to 31/12/2009 RM	1/1/2010 to 31/10/2010 RM
Revenue	-	9,382,626
Gross Profit	-	5,306,832
(Loss)/Profit before amortisation, depreciation, interest expenses and taxation	(81,253)	3,691,651
Amortisation	-	-
Depreciation	(5,123)	(341,965)
Interest expenses	-	(8,021)
(Loss)/Profit before taxation but after amortisation, depreciation and interest expenses	(86,376)	3,341,665
Taxation	-	(173,900)
(Loss)/Profit after taxation	(86,376)	3,167,765
Gross profit margin (%)	-	56.56
Pre-tax profit margin (%)	-	35.62
Effective tax rate (%)	-	5.20
Gross (Loss)/Earning Per Share (“(LPS)/EPS”)	(863.76)	0.037
Net (LPS)/EPS	(863.76)	0.035

Notes:-

- (i) There were no exceptional or extraordinary items in the financial period under review.
- (ii) There were no accounting policies which are peculiar to Ideal Jacobs Group as a result of the nature of business or industry it is involved in that would affect the determination of Ideal Jacobs Group's financial results or financial position.

9. ACCOUNTANTS' REPORT**9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(a) Summarised statements of comprehensive income (cont'd)****(ii) Ideal Jacobs**

The following table sets out the summary of the financial results prepared based on the audited financial statements of Ideal Jacobs for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation:-

Period ended	18/5/2009 to 31/12/2009 RM	1/1/2010 to 31/10/2010 RM
Revenue	-	-
Gross profit	-	-
Loss before amortisation, depreciation, interest expenses and taxation	(81,253)	(286,771)
Amortisation	-	-
Depreciation	(5,123)	(5,734)
Interest expenses	-	-
Loss before taxation but after amortisation, depreciation and interest expenses	(86,376)	(292,505)
Taxation	-	-
Loss after taxation	(86,376)	(292,505)
Gross profit margin (%)	-	-
Pre-tax profit margin (%)	-	-
Effective tax rate (%)	-	-
Gross Loss Per Share ("LPS")	(863.76)	(0.0033)
Net LPS	(863.76)	(0.0033)

Notes:-

- (j) There were no exceptional or extraordinary items in the financial period under review.
- (ii) There were no accounting policies which are peculiar to Ideal Jacobs as a result of the nature of business or industry it is involved in that would affect the determination of Ideal Jacobs's financial results or financial position.

9. ACCOUNTANTS' REPORT**9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(a) Summarised statements of comprehensive income (cont'd)****(iii) IJT**

The following table sets the summary of the financial results prepared based on the audited financial statements of IJT for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation:-

Period ended	17/9/2009 to 31/12/2009		1/1/2010 to 31/10/2010	
	BAHT	RM	BAHT	RM
Revenue	-	-	873,639	86,516
Gross loss	-	-	(696,116)	(68,936)
Loss before amortisation, depreciation, interest expenses and taxation	(1,449,697)	(141,312)	(4,968,178)	(491,996)
Amortisation	-	-	-	-
Depreciation	(44,805)	(4,367)	(1,361,490)	(134,828)
Interest expenses	-	-	-	-
Loss before taxation but after amortisation, depreciation and interest expenses	(1,494,502)	(145,679)	(6,329,668)	(626,824)
Taxation	263,396	25,675	1,808,921	179,138
Loss after taxation	(1,231,106)	(120,004)	(4,520,747)	(447,686)
Gross loss margin (%)	-	-	(79.68)	(79.68)
Pre-tax loss margin (%)	-	-	(724.52)	(724.52)
Effective tax rate (%)	17.62	17.62	28.58	28.58
Gross Loss Per Share ("LPS")	(14.95)	(1.46)	(63.30)	(6.27)
Net LPS	(12.31)	(1.20)	(45.21)	(4.48)

Notes:-

- (i) There were no exceptional or extraordinary items in the financial period under review.
- (ii) There were no accounting policies which are peculiar to IJT as a result of the nature of business or industry it is involved in that would affect the determination of IJT's financial results or financial position.

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(a) Summarised statements of comprehensive income (cont'd)

(iv) IJX

The following table sets out the summary of the financial results prepared based on the audited financial statements of IJX for the past three (3) FYE 31 December 2007 to 2009 and FPE 31 October 2010:-

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Revenue	9,088,128	4,106,016	15,693,748	7,562,817	27,550,435	14,207,759	28,108,311	13,368,313
Gross profit	5,182,882	2,341,626	8,374,073	4,035,466	16,842,856	8,685,861	16,850,762	8,014,223
Profit before amortisation, depreciation, interest expenses and taxation	2,857,227	1,290,895	4,884,834	2,354,002	11,835,047	6,103,334	11,039,601	5,250,434
Amortisation	-	-	-	-	-	-	-	-
Depreciation	(571,994)	(258,427)	(610,227)	(294,068)	(646,864)	(333,588)	(603,041)	(286,806)
Interest expenses	-	-	-	-	(1,404)	(724)	(22,803)	(10,845)
Profit before taxation but after amortisation, depreciation and interest expenses	2,285,233	1,032,468	4,274,607	2,059,934	11,186,779	5,769,022	10,413,757	4,952,783
Taxation	-	-	(439,679)	(211,881)	(1,195,562)	(616,551)	(1,191,701)	(566,773)
Profit after taxation	2,285,233	1,032,468	3,834,928	1,848,053	9,991,217	5,152,471	9,222,056	4,386,010
Gross profit margin (%)	57.03	57.03	53.36	53.36	61.13	61.13	59.95	59.95
Pre-tax profit margin (%)	25.15	25.15	27.24	27.24	40.60	40.60	37.05	37.05
Effective tax rate (%)	-	-	10.29	10.29	10.69	10.69	11.44	11.44
Gross Earnings Per Share ("EPS") [^]	-	-	-	-	-	-	-	-
Net EPS [^]	-	-	-	-	-	-	-	-

Notes:-

- (i) There were no exceptional or extraordinary items in the financial year under review.
- (ii) There were no accounting policies which are peculiar to IJX as a result of the nature of business or industry it is involved in that would affect the determination of IJX's financial results or financial position.

[^] Not applicable as the Company was incorporated in the PRC as a limited liability company and did not have any shares.

9. ACCOUNTANTS' REPORT**9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position****(i) Ideal Jacobs Group**

The following table sets out the summary of the statements of financial position prepared based on the audited financial statements of Ideal Jacobs Group for the FPE 31 October 2010 and FPE 31 December 2009:-

Period ended	Note	31/12/2009 RM	31/10/2010 RM
Share capital		100	9,000,100
Statutory reserve		-	454,438
Translation reserve		-	(213,198)
(Accumulated losses)/Unappropriated profit		(86,376)	2,626,951
Total shareholders equity		(86,276)	11,868,291
NON-CURRENT LIABILITY			
Hire purchase creditor	1	-	107,666
		(86,276)	11,975,957
Represented by:-			
NON-CURRENT ASSETS			
Property, plant and equipments	2	873,244	3,898,188
Goodwill on consolidation	3	146,779	146,779
Deferred-tax assets	4	25,629	199,639
Total non current assets		1,045,652	4,244,606
CURRENT ASSETS			
Inventories	5	-	1,560,050
Trade receivables	6	-	3,699,110
Other receivables	7	610,204	2,620,359
Fixed deposits with a licensed bank	8	-	2,727,270
Cash and bank balances	9	244,063	1,160,662
Total current assets		854,267	11,767,451
CURRENT LIABILITIES			
Trade payables	10	-	1,296,903
Other payables	11	111,412	738,012
Amount due to a Director	12	-	46,620
Amount due to a company in which a director has interest	13	1,874,783	-
Amount due to holding company	14	-	1,927,370
Tax payable		-	27,195
Total current liabilities		1,986,195	4,036,100
NET CURRENT (LIABILITIES)/ASSETS		(1,131,928)	7,731,351
		(86,276)	11,975,957
Net (Liabilities)/Assets (“(NL)/NA”)		(86,276)	11,868,291
(NL)/NA per share		(862.76)	0.13

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised statements of financial position (cont'd)

(i) Ideal Jacobs Group (cont'd)

Notes:-

1. Detail disclosure of hire purchase creditor is as below:-

Period ended	31/12/2009 RM	31/10/2010 RM
Minimum lease payments		
- Not later than 1 year	-	102,231
- later than 1 year but not later than 5 years	-	119,270
		221,501
Less: Interest-in-suspense	-	(23,993)
		197,508
Present value of hire purchase creditor		
- Not later than 1 year	-	89,842
- later than 1 year but not later than 5 years	-	107,666
		197,508

The effective interest rate during the FPE 31 October 2010 is 7.6%.

The amount payable within 1 year has been included in other payables.

The entire carrying amount of hire purchase creditor is denominated in RMB.

2. Detail disclosure of property, plant and equipment is as below:-

Period ended	31/12/2009 RM	31/10/2010 RM
Net carrying amount		
Furniture and fittings	73,186	67,494
Office equipment	14,276	136,706
Tools	21,482	182,993
Plant and machinery	55,036	1,228,394
Renovations	178,946	229,212
Building	-	1,497,736
Motor vehicle	-	458,599
Capital work in progress	530,318	87,273
Computer accessories	-	9,781
		3,898,188
	873,244	

The building of the Group located in the PRC is pledged to a bank as a security for a banking facility granted to a subsidiary company.

The net carrying amount of motor vehicle of the Group which is under hire purchase arrangement amounted to RM392,261 (31.12.2009: Nil).

9. ACCOUNTANTS' REPORT**9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(i) Ideal Jacobs Group (cont'd)**

Notes (cont'd):-

3. Detail disclosure of goodwill on consolidation is as below:-

Period ended	31/12/2009 RM	31/10/2010 RM
At beginning of financial period	-	146,779
Arising from acquisition of a subsidiary company	146,779	-
At end of financial period	146,779	146,779

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount for the above was based on its value in use and was determined by discounting the future cash flows generated from the continuing use of those units and was based on the following key assumptions:-

- Cash flows were projected based on actual operating results and a 5-year business plan.
- A pre-tax discount rate of 11.5% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the Market's existing rate of borrowing.

The values assigned to the key assumptions represent management's assessment of future trends in the industry. A reasonably possible change in a key assumption does not have any significant difference to the recoverable amount.

4. Detail disclosure of deferred tax assets is as below:-

Period ended	31/12/2009 RM	31/10/2010 RM
At beginning of financial period	-	25,629
Acquisition of a subsidiary company	25,629	-
Transfer from statements of comprehensive income	-	179,282
Translation differences	-	(5,272)
At end of financial period	25,629	199,639

The Group's unutilised business losses is amounted to RM579,000 (31.1.2.2009: RM150,192) and this amount is available for offset against future taxable profits of the subsidiary company in which those items arose.

9. ACCOUNTANTS' REPORT**9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(i) Ideal Jacobs Group (cont'd)**

Notes (cont'd):-

5. Detail disclosure of inventories is as below:-

Period ended	31/12/2009 RM	31/10/2010 RM
At cost:-		
Raw materials	-	1,138,785
Finished goods	-	918,283
Work-in-progress	-	28,489
Material supplies	-	1,400
Packing materials	-	366
		2,087,323
Less: Allowance for slow moving inventories	-	(527,273)
		1,560,050

6. Detail disclosure of trade receivables is as below:-

The normal trade credit terms granted by the Group to the trade receivables ranging from 30 days to 90 days.

The currency exposure profile of the trade receivables other than denominated in the Group's functional currency, RM, is as follows (foreign currency balances are unhedged): -

Period ended	31/12/2009 RM	31/10/2010 RM
RMB	-	2,957,178
BAHT	-	268
USD	-	741,664
		3,700,110

7. Detail disclosure of other receivables is as below:-

Period ended	31/12/2009 RM	31/10/2010 RM
Value added tax receivable	80,065	88,535
Prepaid listing expenses	430,967	1,888,818
Deposits	97,594	95,654
Non trade receivables	1,578	2,148
Advances to employees	-	341,378
Advances to suppliers	-	118,351
Prepayment	-	85,475
		2,620,359
	610,204	2,620,359

9. ACCOUNTANTS' REPORT**9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(i) Ideal Jacobs Group (cont'd)**

Notes (cont'd):-

7. Detail disclosure of other receivables is as below (cont'd):-

The currency exposure profile of other receivables other than balances denominated in the Ideal Jacobs Group's functional currency, RM is as follows (foreign currency balance are unhedged):-

Period ended	31/12/2009 RM	31/10/2010 RM
BAHT	126,012	134,612
RMB	-	507,287
USD	-	43,534

8. Detail disclosure on fixed deposits with a licensed bank is as below:-

The currency exposure profile of fixed deposits with a licensed bank other than balances denominated in the Ideal Jacobs Group's functional currency, RM is as follows (foreign currency balance are unhedged):-

Period ended	31/12/2009 RM	31/10/2010 RM
RMB	-	2,727,270

9. Detail disclosure of cash and bank balances is as below:-

The currency exposure profile of cash and bank balances other than balances denominated in the Ideal Jacobs Group's functional currency, RM is as follows (foreign currency balance are unhedged):-

Period ended	31/12/2009 RM	31/10/2010 RM
USD	109,489	83,543
BAHT	124,665	44,610
RMB	-	1,009,621

10. Detail disclosure on trade payables is as below:-

Trade payables comprise amounts outstanding for trade purchases. The normal credit terms granted by the trade payables range from 30 days to 60 days.

The currency exposure profile of trade payables other than balances denominated in the Ideal Jacobs Group's functional currency, RM is as follows (foreign currency balance are unhedged):-

Period ended	31/12/2009 RM	31/10/2010 RM
BAHT	-	3,835
RMB	-	1,012,115
USD	-	280,953

9. ACCOUNTANTS' REPORT**9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(i) Ideal Jacobs Group (cont'd)**

Notes (cont'd):-

11. Detail disclosure of other payables is as below:-

Period ended	31/12/2009 RM	31/10/2010 RM
Non-trade payables	2,674	371,195
Accrual of expenses	108,738	220,233
Advance from customer	-	45,012
Value added tax payable	-	11,730
Hire purchase creditor	-	89,842
	<u>111,412</u>	<u>738,012</u>

An advance of USD100,000 has been received from a third party and the advance is unsecured, interest free and it has been fully settled on 23 February 2011.

The currency exposure profile of other payables other than balances denominated in the Ideal Jacobs Group's functional currency, RM is as follows (foreign currency balance are unhedged):-

Period ended	31/12/2009 RM	31/10/2010 RM
BAHT	106,412	39,082
USD	-	354,164
RMB	-	172,524

12. Detail disclosure on amount due to a Director, Meng Bin, is as below:-

Amount due to a director is non-trade in nature, unsecured, interest free, repayable on demand and denominated in RMB.

13. Detail disclosure on amount due to a company in which a Director has interest, IJX, is as below:-

Amount due to a company in which a Director has interest is non-trade in nature, unsecured, interest free, repayable on demand and denominated in RMB.

14. Detail disclosure on amount due to holding company, IJUS, is as below:-

Period ended	31/12/2009 RM	31/10/2010 RM
Trade	-	211,258
Non trade	-	(2,138,628)

Amount due to holding company has interest is unsecured, interest free, repayable on demand and denominated in USD.

9. ACCOUNTANTS' REPORT


9. HISTORICAL FINANCIAL INFORMATION (CONT'D)
(b) Summarised statements of financial position (cont'd)
(ii) Ideal Jacobs

The following table sets out the summary of the statements of financial position prepared based on the audited financial statements of Ideal Jacobs for the FPE 31 October 2010 and FPE 31 December 2009:-

Period ended	Note	31/12/2009 RM	31/10/2010 RM
Share capital		100	9,000,100
Accumulated loss		(86,376)	(378,881)
		<u>(86,276)</u>	<u>8,621,219</u>
<u>Non-current assets</u>			
Property, plant and equipment	1	46,103	59,160
Investment in subsidiary companies	2	1,000,000	10,000,000
		<u>1,046,103</u>	<u>10,059,160</u>
<u>Current assets</u>			
Other receivables	3	484,192	1,940,543
Amount due from a subsidiary company	2	143,814	706,636
Cash and bank balances	4	119,398	55,741
		<u>747,404</u>	<u>2,702,920</u>
<u>Current liabilities</u>			
Other payables	5	5,000	397,533
Amount due to a company in which a Director has interest	6	1,874,783	-
Amount due to holding company	7	-	2,138,628
Amount due to a subsidiary company	2	-	1,604,700
		<u>1,879,783</u>	<u>4,140,861</u>
Net current liabilities		<u>(1,132,379)</u>	<u>(1,437,941)</u>
		<u>(86,276)</u>	<u>8,621,219</u>
Net (Liabilities)/Assets (“(NL)/NA”)		<u>(86,276)</u>	<u>8,621,219</u>
(NL)/NA per share		<u>(862.76)</u>	<u>0.10</u>

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised statements of financial position (cont'd)

(ii) Ideal Jacobs (cont'd)

Notes:-

1. Detail disclosure of property, plant and equipment is as below:-

Period ended	31/12/2009 RM	31/10/2010 RM
Net carrying amount		
Furniture and fittings	19,145	21,669
Renovations	26,958	24,463
Office equipment	-	3,247
Computer and accessories	-	9,781
	<u>46,103</u>	<u>59,160</u>

2. Detail disclosure of investment in subsidiary companies/amount due from/(to) subsidiary companies is as below:-

Period ended	31/12/2009 RM	31/10/2010 RM
Unquoted equity, at cost	<u>1,000,000</u>	<u>10,000,000</u>

Detail of the subsidiary companies of Ideal Jacobs are disclosed in Note 2.3 of this report.

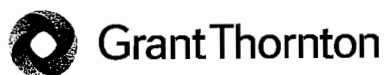
Amount due from/(to) subsidiary companies is unsecured, bears no interest and repayable on demand.

The currency exposure profile of amount due from/(to) subsidiary companies, other than balances denominated in the Ideal Jacobs' functional currency, RM is as follows (foreign currency balance is unhedged):-

Period ended	31/12/2009 RM	31/10/2010 RM
US Dollar	140,092	703,165
RMB	(3,722)	(1,601,229)

3. Detail disclosure of other receivables is as below:-

Period ended	31/12/2009 RM	31/10/2010 RM
Prepaid listing expenses	430,967	1,888,818
Deposits	53,225	51,725
	<u>484,192</u>	<u>1,940,543</u>

9. ACCOUNTANTS' REPORT**9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(ii) Ideal Jacobs (cont'd)**

Notes (cont'd):-

3. Detail disclosure of other receivables is as below (cont'd):-

The currency exposure profile of other receivables, other than balances denominated in the Ideal Jacobs' functional currency, RM is as follows (foreign currency balance is unhedged):-

Period ended	31/12/2009 RM	31/10/2010 RM
RMB	-	5,616

4. Detail disclosure of cash and bank balances is as below:-

The currency exposure profile of cash and bank balances other than balances denominated in the Ideal Jacobs's functional currency, RM is as follows (foreign currency balance are unhedged):-

Period ended	31/12/2009 RM	31/10/2010 RM
US Dollar	109,489	32,853

5. Detail disclosure of other payables is as below:-

Period ended	31/12/2009 RM	31/10/2010 RM
Non-trade payables	-	309,938
Accrual of expenses	5,000	87,595
	5,000	397,533

An advance of USD100,000 has been received from a third party and the advance is unsecured, interest free and it has been fully settled on 23 February 2011.

The currency exposure profile of other payables other than balances denominated in the Ideal Jacobs's functional currency, RM is as follows (foreign currency balance are unhedged):-

Period ended	31/12/2009 RM	31/10/2010 RM
US Dollar	-	309,938

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised statements of financial position (cont'd)

(ii) Ideal Jacobs (cont'd)

Notes (cont'd):-

6. Detail disclosure of amount due to a company in which a Director has interest, IJX, is as below:-

Amount due to a company in which a Director has interest is non-trade in nature, unsecured, interest free, repayable on demand and denominated in RMB.

7. Detail disclosure of amount due to holding company, IJUS, is as below:-

Amount due to holding company is non-trade in nature, unsecured, interest free, repayable on demand and denominated in USD.

(iii) IJT

The following table sets out the summary of the statements of financial position prepared based on the audited financial statements of IJT for the FPE 31 October 2010 and FPE 31 December 2009:-

Period ended	Note	31/12/2009		31/10/2010	
		BAHT	RM	BAHT	RM
Share capital		10,000,000	1,000,000	10,000,000	1,000,000
Translation reserve		-	(26,775)	-	(23,058)
Accumulated loss		(1,231,106)	(120,004)	(5,751,853)	(567,690)
Shareholders' equity		8,768,894	853,221	4,248,147	409,252
<u>Non-current assets</u>					
Property, plant and equipment	1	8,500,854	827,141	7,492,868	721,835
Deferred tax assets	2	263,396	25,629	2,072,317	199,639
		8,764,250	852,770	9,565,185	921,474
<u>Current assets</u>					
Inventories	3	-	-	413,348	39,821
Trade receivables	4	-	-	431,515	41,571
Other receivables	5	1,295,076	126,012	1,397,309	134,612
Cash and bank balances	6	1,281,231	124,665	463,066	44,610
		2,576,307	250,677	2,705,238	260,614
<u>Current liabilities</u>					
Trade payables	7	-	-	71,807	6,918
Other payables	8	1,093,634	106,412	405,693	39,082
Amount due to immediate holding company	9	1,478,029	143,814	7,335,089	706,636
Amount due to a related company	10	-	-	209,687	20,200
		2,571,663	250,226	8,022,276	772,836
Net current assets		4,644	451	(5,317,038)	(512,222)
		8,768,894	853,221	4,248,147	409,252
Net assets ("NA")		8,768,894	853,221	4,248,147	409,252
NA per share		87.69	8.53	42.48	4.09

9. ACCOUNTANTS' REPORT**9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(iii) IJT (cont'd)**

Notes :-

1. Detail disclosure of property, plant and equipment is as below:-

Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
Net carrying amount				
Furniture, fittings and equipments	555,404	54,041	475,677	45,825
Renovations	1,562,034	151,988	1,297,036	124,951
Machinery	565,627	55,036	3,656,700	352,273
Machinery installation	5,450,288	530,318	-	-
Office equipment	146,717	14,276	163,933	15,793
Tools	220,784	21,482	1,899,522	182,993
	<u>8,500,854</u>	<u>827,141</u>	<u>7,492,868</u>	<u>721,835</u>

All property, plant and equipment held by the Company are located in the Thailand.

2. Detail disclosure of deferred tax assets is as below:-

Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
Tax benefit from net taxable loss for the period	263,396	25,629	2,072,317	199,639

3. Detail disclosure of inventories is as below:-

Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
Finished goods	-	-	225,105	21,686
Raw materials	-	-	169,913	16,369
Materials supplies	-	-	14,530	1,400
Packing materials	-	-	3,800	366
	<u>-</u>	<u>-</u>	<u>413,348</u>	<u>39,821</u>

4. Detail disclosure of trade receivables is as below:-

The normal trade credit terms granted by the Company to the trade receivables ranging is 30 to 60 days.

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised statements of financial position (cont'd)

(iii) IJT (cont'd)

Notes (cont'd):-

4. Detail disclosure of trade receivables is as below (cont'd):-

The currency exposure profile of the trade receivables other than denominated in the Company's functional currency, BAHT, is as follows (foreign currency balances are unhedged): -

Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
USD	-	-	428,733	41,303

5. Detail disclosure of other receivables is as below:-

Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
Non-trade receivables	16,216	1,578	22,292	2,148
Deposits	456,000	44,369	456,000	43,929
VAT receivables	822,860	80,065	919,017	88,535
	1,295,076	126,012	1,397,309	134,612

All other receivables are denominated in the Company's function currency, BAHT.

6. Detail disclosure of cash and bank balances is as below:-

Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
BAHT	1,281,231	124,665	463,066	44,610

All cash and bank balances are denominated in the Company's functional currency, BAHT.

7. Detail disclosure on trade payables is as below:-

Trade payables comprise amounts outstanding for trade purchases. The normal credit terms granted by the trade payables range is 30 to 60 days.

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised statements of financial position (cont'd)

(iii) IJT (cont'd)

Notes (cont'd):-

7. Detail disclosure on trade payables is as below (cont'd):-

The currency exposure profile of the trade payables other than denominated in the Company's functional currency, BAHT, is as follows (foreign currency balances are unhedged): -

Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
USD	-	-	32,007	3,084

8. Detail disclosure of other payables is as below:-

Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
Non-trade payables	27,479	2,674	30,703	2,957
Accruals of expenses	1,066,155	103,738	374,990	36,125
	1,093,634	106,412	405,693	39,082

All other payables are denominated in the Company's functional currency, BAHT.

9. Detail disclosure of amount due to immediate holding company, Ideal Jacobs, is as below:-

Amount due to immediate holding company is non-trade in nature, unsecured, interest free, repayable on demand and denominated in USD.

10. Detail disclosure of amount due to a related company, IJX, is as below:-

Years/Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
Trade	-	-	8,507	820
Non trade	-	-	(218,194)	(21,020)

The currency exposure profile of the amount due to a related company other than denominated in the Company's functional currency, BAHT, is as follows (foreign currency balances are unhedged): -

Years/Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
USD	-	-	8,507	820
RMB	-	-	(218,194)	(21,020)

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised statements of financial position (cont'd)

(iv) IJX

The following table sets out the summary of the statements of financial position prepared based on the audited financial statements of IJX for the past three (3) FYE 31 December 2007 to 2009 and FPE 31 October 2010:-

Years/Period ended	Note	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
		RMB	RM	RMB	RM	RMB	RM	RMB	RM
Share capital		10,379,980	4,682,409	10,379,980	4,682,409	10,379,980	4,682,409	10,379,980	4,682,409
Statutory reserve		408,812	184,604	819,474	382,502	1,848,400	913,119	2,803,905	1,367,557
Translation reserve		-	28,721	-	770,054	-	590,850	-	(185,945)
Unappropriated profit		2,014,836	909,431	3,005,530	1,386,848	8,271,866	4,102,698	14,038,417	6,827,020
Shareholders' equity		12,803,628	5,805,165	14,204,984	7,221,813	20,500,246	10,289,076	27,222,302	12,691,041
<u>Non-current liability</u>									
Hire purchase creditor	1	-	-	-	-	405,679	203,610	230,944	107,666
		12,803,628	5,805,165	14,204,984	7,221,813	20,905,925	10,492,686	27,453,246	12,798,707
<u>Non-current assets</u>									
Property, plant and equipment	2	6,695,797	3,035,875	6,334,486	3,220,452	6,536,070	3,280,454	6,686,382	3,117,193
<u>Current assets</u>									
Inventories	3	1,980,493	897,955	3,082,200	1,566,991	2,081,097	1,044,503	3,260,894	1,520,229
Investment in a subsidiary company	4	-	-	100,000	50,840	-	-	-	-
Trade receivables	5	2,060,213	934,101	4,662,808	2,370,572	6,859,904	3,442,986	7,845,424	3,657,539
Other receivables	6	299,370	135,735	145,882	74,166	211,494	106,149	1,169,464	545,204
Amount due from former holding company	7	-	-	383,753	195,100	1,408,274	706,813	-	-
Amount due from immediate holding company	8	-	-	-	-	-	-	3,442,086	1,604,700
Amount due from a shareholder	9	34,604	15,689	102,203	51,960	102,203	51,296	-	-
Amount due from a related company	10	-	-	-	-	-	-	54,473	25,395
Amount due from ultimate holding company	11	-	-	-	-	-	-	453,148	211,258
Amount due from a company in which a Director has interest	12	-	-	-	-	3,735,374	1,874,783	-	-
Fixed deposits with a licensed bank		-	-	-	-	-	-	5,850,000	2,727,270
Cash and bank balances	13	2,402,247	1,089,178	797,239	405,316	3,171,732	1,591,892	2,274,370	1,060,311
		6,776,927	3,072,658	9,274,085	4,714,945	17,570,078	8,818,422	24,349,859	11,351,906
<u>Current liabilities</u>									
Trade payables	14	272,808	123,691	636,084	323,385	1,525,314	765,555	2,767,021	1,289,985
Other payables	15	340,655	154,453	468,545	238,209	1,021,041	512,459	657,641	306,592
Amount due to a director	16	-	-	-	-	-	-	100,000	46,620
Amount due to former holding company	7	55,633	25,224	-	-	-	-	-	-
Amount due to a subsidiary company	4	-	-	96,410	49,015	-	-	-	-
Tax payable		-	-	202,548	102,975	653,868	328,176	58,333	27,195
		669,096	303,368	1,403,587	713,584	3,200,223	1,606,190	3,582,995	1,670,392
Net current assets		6,107,831	2,769,290	7,870,498	4,001,361	14,369,855	7,212,232	20,766,864	9,681,514
		12,803,628	5,805,165	14,204,984	7,221,813	20,905,925	10,492,686	27,453,246	12,798,707
Net asset ("NA")		12,803,628	5,805,165	14,204,984	7,221,813	20,500,246	10,289,076	27,222,302	12,691,041
NA per share [^]		-	-	-	-	-	-	-	-

[^] Not applicable as the Company was incorporated in the PRC as a limited liability company and did not have any shares.

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised statements of financial position (cont'd)

(iv) IJX (cont'd)

Notes :-

1. Detail disclosure of finance creditor is as below:-

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Minimum lease payment								
- not later than 1 year	-	-	-	-	219,286	110,060	219,286	102,231
- later than 1 year but not later than 5 years	-	-	-	-	438,572	220,119	255,834	119,270
					657,858	330,179	475,120	221,501
Less: Interest-in-suspense	-	-	-	-	(71,258)	(35,764)	(51,464)	(23,993)
					586,600	294,415	423,656	197,508
Present value of hire purchase creditor								
- not later than 1 year	-	-	-	-	180,921	90,805	192,712	89,842
- later than 1 year but not later than 5 years	-	-	-	-	405,679	203,610	230,944	107,666
					586,600	294,415	423,656	197,508

The effective interest rate during the FYE 31 December 2009 and FPE 31 October 2010 is 7.6%.

The amount payable within 1 year has been included in other payables.

The entire carrying amount of finance creditor is denominated in the Company's functional currency, RMB.

2. Detail disclosure of property, plant and equipment is as below:-

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Net carrying amount								
Buildings	3,751,612	1,700,981	3,561,389	1,810,610	3,371,166	1,691,988	3,212,647	1,497,736
Plant and machinery	1,846,565	837,233	1,818,848	924,702	1,729,513	868,043	1,879,278	876,119
Furniture, fittings and equipments	383,954	174,085	315,638	160,470	327,285	164,264	252,393	117,666
Motor vehicles	455,091	206,338	410,082	208,486	909,623	456,540	983,696	458,599
Renovations	258,575	117,238	228,529	116,184	198,483	99,619	171,168	79,800
Under construction	-	-	-	-	-	-	187,200	87,273
	6,695,797	3,035,875	6,334,486	3,220,452	6,536,070	3,280,454	6,686,382	3,117,193

All property, plant and equipment held by the Company are located in the PRC.

The building of the Company is pledged to a bank as a security for a banking facility granted.

The net carrying amount of motor vehicle of the Company which is under hire purchase arrangement amounted to RM392,261 (31.12.2009: 456,540).

9. ACCOUNTANTS' REPORT**9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(iv) IJX (cont'd)**

Notes (cont'd) :-

3. Detail disclosure of inventories is as below:-

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Raw materials	1,452,978	658,780	2,187,920	1,112,339	1,716,061	861,291	2,407,585	1,122,416
Finished goods	823,039	373,166	1,297,637	659,719	1,335,740	670,408	1,923,203	896,597
Work-in-progress	63,035	28,580	187,847	95,501	44,299	22,234	61,108	28,489
Good in transit	-	-	21,144	10,750	-	-	-	-
	2,339,052	1,060,526	3,694,548	1,878,309	3,096,100	1,553,933	4,391,896	2,047,502
Less: Allowance for slow moving inventories	(358,559)	(162,571)	(612,348)	(311,318)	(1,015,003)	(509,430)	(1,131,002)	(527,273)
	1,980,493	897,955	3,082,200	1,566,991	2,081,097	1,044,503	3,260,894	1,520,229

4. Detail disclosure of investment in a subsidiary company is as below:-

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Unquoted investment-at cost	-	-	100,000	50,840	-	-	-	-

Details of the subsidiary company is as follow:-

<u>Name</u>	<u>Country of incorporation</u>	<u>Effective interest</u>	<u>Principal activities</u>
Ideal Jacobs (Xiamen) Industry Design Corporation	PRC	100%	*

* The principal activities of the Company is label and identification product design, EMI material, die-cutting materials, gasket material, design, research and development and promotion of plastic and metal materials.

The financial statements were excluded from the consolidation as the control is intended to be temporary.

Amount due to a subsidiary company is non-trade in nature, unsecured, interest free and repayable on demand.

The entire amount due to a subsidiary company is denominated in the Company's functional currency, RMB.

The investment in a subsidiary company was voluntarily liquidated in financial year 2009.

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised statements of financial position (cont'd)

(iv) IJX (cont'd)

Notes (cont'd):-

5. Detail disclosure on trade receivables are as below:-

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Trade receivables	2,060,213	934,101	4,662,808	2,370,572	6,859,904	3,442,986	7,845,424	3,657,539

The normal trade credit terms granted by the Company to the trade receivables ranging from 30 days to 90 days.

The currency exposure profile of the trade receivables, other than denominated in the Company's functional currency, RMB, is as follows (foreign currency balances are unhedged): -

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
USD	1,691,647	766,993	2,725,724	1,385,758	4,828,285	2,423,316	1,502,276	700,361

6. Detail disclosure of other receivables is as below:-

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Advance to suppliers	251,658	114,102	129,876	66,029	166,930	83,782	253,864	118,352
Advance to employees	34,265	15,536	7,121	3,620	33,127	16,626	732,255	341,377
Amount owing by a director	6,800	3,083	-	-	-	-	-	-
Prepayment of expenses	6,647	3,014	8,885	4,517	11,437	5,741	183,345	85,475
	299,370	135,735	145,882	74,166	211,494	106,149	1,169,464	545,204

The amount owing by a director, Meng Bin is non-trade in nature, unsecured, interest free and repayable on demand.

The currency exposure profile of the other receivables, other than denominated in the Company's functional currency, RMB, is as follows (foreign currency balances are unhedged): -

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
USD	-	-	-	-	-	-	93,381	43,534

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised statements of financial position (cont'd)

(iv) IJX (cont'd)

Notes (cont'd):-

7. Detail disclosure of amount due from/(to) former holding company is as below:-

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Trade	(159,444)	(72,292)	77,144	39,220	1,101,665	552,926	-	-
Non trade	103,811	47,068	306,609	155,880	306,609	153,887	-	-

The former holding company is IJUS, a company incorporated in United States of America.

Amount due from/(to) former holding company is unsecured, interest free and repayable on demand.

The currency exposure profile of the amount due from/(to) former holding company other than balances dominated in the Company's functional currency, RMB, is as follows (foreign currency balance are unhedged):-

Years/Period ended-	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
USD	(55,633)	(25,224)	77,144	39,220	1,408,274	706,813	-	-

8. Detail disclosure of amount due from immediate holding company is as below:-

The immediate holding company is Ideal Jacobs, a company incorporated in Malaysia.

Amount due from immediate holding company is non-trade in nature, unsecured, interest free, repayable on demand and denominated in RMB.

9. Detail disclosure of amount due from a shareholder, Foo Chong Lee, is as below:-

Amount due from a shareholder is non-trade in nature, unsecured, interest free and repayable on demand.

The entire amount due from a shareholder is denominated in the Company's functional currency, RMB.

10. Detail disclosure of amount due from a related company, IJT, is as below:-

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Trade	-	-	-	-	-	-	6,610	3,082
Non trade	-	-	-	-	-	-	47,863	22,313

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised statements of financial position (cont'd)

(iv) IJX (cont'd)

Notes (cont'd):-

10. Detail disclosure of amount due from a related company, IJT, is as below (cont'd):-

Amount due from a related company is unsecured, interest free and repayable on demand.

The currency exposure profile of the amount due from a related company other than balances dominated in the Company's functional currency, RMB, is as follows (foreign currency balance are unhedged):-

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
USD	-	-	-	-	-	-	6,610	3,082

11. Detail disclosure of amount due from ultimate holding company, IJUS, is as below:-

Amount due from ultimate holding company is trade in nature, unsecured, interest free and repayable on demand.

The entire amount due from ultimate holding company is denominated in USD.

12. Detail disclosure of amount due from a company in which a Director has interest, Ideal Jacobs, is as below:-

Amount due from a company in which a Director has interest is non-trade in nature, unsecured, interest free and repayable on demand.

The entire amount due from a company in which a Director has interest is denominated in the Company's functional currency, RMB.

13. Detail disclosure of cash and bank balances is as below:-

The currency exposure profile of the cash and bank balances other than balances denominated in the Company's functional currency, RMB, is as follows (foreign currency balances are unhedged):

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
USD	6,883	3,121	116,445	59,201	678,217	340,397	108,731	50,690

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(b) Summarised statements of financial position (cont'd)

(iv) IJX (cont'd)

Notes (cont'd):-

14. Detail disclosure of the trade payables is as below:-

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Trade payables	272,808	123,691	636,084	323,385	1,525,314	765,555	2,767,021	1,289,985

Trade payables comprise amounts outstanding for trade purchases. The normal credit terms granted by the trade payables range from 30 days to 60 days.

The currency exposure profile of the trade payables, other than denominated in the Company's functional currency, RMB, is as follows (foreign currency balances are unhedged): -

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
USD	6,762	3,066	567,619	288,578	270,315	135,671	596,032	277,870

15. Detail disclosure of other payables is as below:-

Year/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Non-trade payables	14,063	6,376	19,844	10,089	5,261	2,639	125,051	58,299
Accrual of expenses	211,895	96,073	325,566	165,518	553,270	277,686	218,166	101,709
Advance from customers	-	-	-	-	73,970	37,125	96,551	45,012
Hire purchase creditor	-	-	-	-	180,921	90,805	192,712	89,842
Value added tax payable	114,697	52,004	123,135	62,602	207,619	104,204	25,161	11,730
	340,655	154,453	468,545	238,209	1,021,041	512,459	657,641	306,592

The currency exposure profile of the other payables, other than denominated in the Company's functional currency, RMB, is as follows (foreign currency balances are unhedged): -

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
USD	-	-	-	-	-	-	94,864	44,226

16. Detail disclosure on amount due to a director, Meng Bin, is as below:-

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Amount due to a director	-	-	-	-	-	-	100,000	46,620

The entire amount due to a director is non-trade in nature and denominated in the Company's functional currency, RMB.

9. ACCOUNTANTS' REPORT


9. HISTORICAL FINANCIAL INFORMATION (CONT'D)
(c) Summarised statements of cash flows
(i) Ideal Jacobs Group

The following sets out the summary statements of cash flows prepared based on the audited financial statements of Ideal Jacobs Group for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation:-

Period ended	Note	18/5/2009 to 31/12/2009 RM	1/1/2010 to 31/10/2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before taxation		(86,376)	3,341,665
Adjustments for:-			
Allowance for slow moving inventories		-	55,169
Depreciation		5,123	341,965
Interest expenses		-	8,021
Interest income		-	(5,759)
Excess of fair value of a subsidiary company acquired over the cost of investment		-	(1,258,386)
Property, plant and equipment written off		-	9,351
Unrealised loss/(gain) on foreign exchange		1,727	(105,024)
Operating (loss)/profit before working capital changes		(79,526)	2,387,002
Changes in working capital:-			
Company in which a Director has interest		1,873,056	(98,073)
Holding company		-	2,057,885
Director		-	47,560
Inventories		-	(563,429)
Payables		(138,814)	620,983
Receivables		(484,192)	(525,599)
Cash generated from operations		1,170,524	3,926,329
Tax paid		-	(533,590)
Interest received		-	5,759
Interest paid		-	(8,021)
Net cash generated from operating activities		1,170,524	3,390,477
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(51,226)	(315,034)
Acquisition of subsidiary company	A	(875,335)	1,734,832
Net cash (used in)/generated from investing activities		(926,561)	1,419,798
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(990,720)
Repayment of hire purchase creditor		-	(55,214)
Proceeds from issuance of shares		100	-
Net cash generated from/(used in) financing activities		100	(1,045,934)

9. ACCOUNTANTS' REPORT**9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(c) Summarised statements of cash flows (cont'd)****(i) Ideal Jacobs Group (cont'd)**

The following sets out the summary statements of cash flows prepared based on the audited financial statements of Ideal Jacobs Group for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation:- (cont'd)

Period ended	Note	18/5/2009 to 31/12/2009 RM	1/1/2010 to 31/10/2010 RM
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CASH AND CASH EQUIVALENTS

Net change	244,063	3,764,341
Brought forward	-	244,063
Effects of exchange rate changes	-	(120,472)
Carried forward	<u>244,063</u>	<u>3,887,932</u>

NOTES TO THE STATEMENTS OF CASH FLOWS**A. ACQUISITION OF SUBSIDIARY COMPANIES**

The fair value of assets acquired and liabilities assumed of the subsidiary company ("IJT") acquired during the financial period 2009 were as follows:-

	Group 2009 RM
Deferred tax assets	25,629
Property, plant and equipment	827,141
Receivables	126,012
Cash and bank balances	124,665
Payables	<u>(250,226)</u>
Group's share of net assets	853,221
Goodwill on acquisition	<u>146,779</u>
Purchase consideration satisfied by:-	
Cash	508,392
Property, plant and equipment	<u>491,608</u>
Less: Cash and cash equivalents of subsidiary company acquired	<u>(124,665)</u>
Net cash outflow of the Group	<u><u>875,335</u></u>

9. ACCOUNTANTS' REPORT**9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(c) Summarised statements of cash flows (cont'd)****(i) Ideal Jacobs Group (cont'd)****NOTES TO THE SUMMARY STATEMENTS OF CASH FLOWS (CONT'D)****A. ACQUISITION OF SUBSIDIARY COMPANIES (CONT'D)**

The fair value of assets acquired and liabilities assumed of the subsidiary company ("IJX") acquired during the financial period 2010 were as follows:-

	Group 2010 RM
Property, plant and equipment	3,112,247
Receivables	5,234,789
Cash and bank balances	1,734,832
Inventories	1,079,456
Amount due from a company in which a director has interest	1,776,710
Payables	(1,226,650)
Hire purchase creditor	(254,770)
Tax payable	(207,508)
Dividend payable	(990,720)
	<hr/>
Group's share of net assets	10,258,386
Excess of fair value of a subsidiary company acquired over the cost of investment	(1,258,386)
Goodwill on acquisition	-
	<hr/>
Purchase consideration satisfied by:-	
Issuance of shares	9,000,000
	<hr/>
Less: Cash and cash equivalents of subsidiary company acquired	(1,734,832)
	<hr/>
Net cash (inflow) of the Group	(1,734,832)

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position items:-

	Group	
	18.5.2009 to 31.12.2009 RM	1.1.2010 to 30.6.2010 RM
Fixed deposits with a licensed bank	-	2,727,270
Cash and bank balances	244,063	1,160,662
	<hr/>	<hr/>
	244,063	3,887,932
	<hr/>	<hr/>

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(c) Summarised statements of cash flows (cont'd)

(ii) Ideal Jacobs

The following sets out the summary statements of cash flows prepared based on the audited financial statements of Ideal Jacobs for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation:-

Period ended	18/5/2009 to 31/12/2009 RM	1/1/2010 to 31/10/2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(86,376)	(292,505)
Adjustments for:-		
Depreciation	5,123	5,734
Unrealised foreign exchange loss/(gain)	53,731	(144,249)
Operating loss before working capital changes	(27,522)	(431,020)
Changes in working capital:-		
Company in which a Director has interest	1,873,056	(1,874,783)
Holding company	-	2,238,391
Payables	5,000	392,533
Receivables	(484,192)	(1,456,351)
Subsidiary company	(195,818)	1,090,344
Net cash generated from/(used in) operating activities	1,170,524	(40,886)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(51,226)	(18,791)
Acquisition of subsidiary company	(1,000,000)	-
Net cash used in investing activities	(1,051,226)	(18,791)
CASH FLOW FROM FINANCING ACTIVITY		
Proceeds from issuance of shares	100	-
Net cash generated from financing activity	100	-
CASH AND CASH EQUIVALENTS		
Net changes	119,398	(59,677)
Brought forward	-	119,398
Effect of exchange rate changes	-	(3,980)
Carried forward	119,398	55,741

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(c) Summarised statements of cash flows (cont'd)

(iii) IJT

The following sets out the summary statements of cash flows prepared based on the audited financial statements of IJT for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation:-

Period ended	17/9/2009 to 31/12/2009 BATH	17/9/2009 to 31/12/2009 RM	1/1/2010 to 31/10/2010 BAHT	1/1/2010 to 31/10/2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	(1,494,502)	(145,679)	(6,329,668)	(626,824)
Adjustments for:-				
Depreciation	44,805	4,367	1,361,490	134,828
Unrealised foreign exchange gain	-	-	486,599	48,188
Interest income	(437)	(43)	-	-
Operating loss before working capital changes	(1,450,134)	(141,355)	(4,481,579)	(443,808)
Changes in working capital:-				
Payables	1,093,634	106,604	(616,134)	(61,014)
Immediate holding company	1,478,029	118,847	5,370,461	531,834
Related company	-	-	209,687	20,765
Inventories	-	-	(413,348)	(40,935)
Receivables	(1,295,076)	(126,240)	(533,748)	(52,857)
Cash used in operations	(173,547)	(42,144)	(464,661)	(46,015)
Interest received	437	43	-	-
Net cash used in operating activities	(173,110)	(42,101)	(464,661)	(46,015)
CASH FLOWS FROM INVESTING ACTIVITY				
Purchase of property, plant and equipment	(8,545,659)	(833,008)	(353,504)	(35,007)
Net cash used in investing activity	(8,545,659)	(833,008)	(353,504)	(35,007)
CASH FLOWS FROM FINANCING ACTIVITY				
Proceeds from issuance of shares	10,000,000	1,000,000	-	-
Net cash generated from financing activity	10,000,000	1,000,000	-	-
Effect of foreign exchange translation	-	(226)	-	2,203

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(c) Summarised statements of cash flows (cont'd)

(iii) IJT(CONT'D)

The following sets out the summary statements of cash flows prepared based on the audited financial statements of IJT for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation:- (cont'd)

Period ended	17/9/2009 to 31/12/2009 BATH	17/9/2009 to 31/12/2009 RM	1/1/2010 to 31/10/2010 BAHT	1/1/2010 to 31/10/2010 RM
CASH AND CASH EQUIVALENTS				
Net changes	1,281,231	124,665	(818,165)	(78,819)
Brought forward	-	-	1,281,231	124,665
Effects of exchange rate changes	-	-	-	(1,236)
Carried forward	1,281,231	124,665	463,066	44,610

(iv) IJX

The following sets out the summary statements of cash flows prepared based on the audited financial statements of IJX for the past three (3) FYE 31 December 2007 to 2009 and FPE 31 October 2010:-

Years/period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
CASH FLOWS FROM OPERATING ACTIVITIES								
Profit before taxation	2,285,233	1,032,468	4,274,607	2,059,934	11,186,779	5,769,022	10,413,757	4,952,783
Adjustments for:-								
Allowance for slow moving inventories	358,559	161,997	253,789	122,301	402,655	207,649	115,999	67,042
Bad debts written off	8,144	3,679	16,776	8,084	16,171	8,339	-	-
Depreciation	571,994	258,427	610,227	294,068	646,864	333,588	603,041	286,806
Inventories written off	144,729	65,389	98,404	47,421	97,149	50,100	-	-
Loss on liquidation of investment	-	-	-	-	6,632	3,420	-	-
Loss on disposal of property, plant and equipment	-	-	21,775	10,493	168,974	87,140	-	-
Property, plant and equipment written off	-	-	-	-	8,493	4,380	21,232	-
Unrealised foreign exchanged loss	-	-	-	-	-	-	183,796	87,413
Interest expenses	-	-	-	-	1,404	724	22,803	10,845
Interest income	(15,805)	(7,141)	(7,835)	(3,776)	(5,873)	(3,029)	(13,529)	(6,434)
Operating profit before working capital changes	3,352,854	1,514,819	5,267,743	2,538,525	12,529,248	6,461,333	11,347,099	5,398,455
Changed in working capital:-								
Company in which a Director has interest	-	-	-	-	(3,735,374)	(1,926,331)	3,735,374	1,874,783
Director	-	-	-	-	-	-	100,000	47,560
Ultimate holding company	-	-	-	-	-	-	(453,148)	(211,258)
Inventories	(801,885)	(362,291)	(1,453,900)	(700,637)	501,299	258,521	(1,295,796)	(628,153)
Receivables	(735,610)	(332,349)	(2,465,883)	(1,188,308)	(2,278,879)	(1,175,217)	(2,010,294)	(956,097)
Payables	433,783	195,983	491,166	236,695	1,260,805	652,691	866,516	418,688
Immediate holding company	-	-	-	-	-	-	(3,442,086)	(1,735,296)
Former holding company	(399,282)	(180,396)	(439,386)	(211,740)	(1,024,521)	(528,345)	1,408,274	665,516
Related company	-	-	-	-	-	-	(54,473)	(25,907)
Subsidiary company	-	-	96,410	46,460	(96,410)	(49,719)	-	-
Shareholder	(34,604)	(15,634)	(67,599)	(32,576)	-	-	102,203	48,608

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(c) Summarised statements of cash flows (cont'd)

(iv) IJX (CONT'D)

The following sets out the summary statements of cash flows prepared based on the audited financial statements of IJX for the past three (3) FYE 31 December 2007 to 2009 and FPE 31 October 2010 :- (cont'd)

Years/period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Cash generated from operations	1,815,256	820,132	1,428,551	688,419	7,156,168	3,692,933	10,303,669	4,896,899
Tax paid	-	-	(237,131)	(114,273)	(744,242)	(383,806)	(1,787,236)	(850,008)
Interest received	15,805	7,141	7,835	3,776	5,873	3,029	13,529	6,434
Interest paid	-	-	-	-	(1,404)	(724)	(22,803)	(10,845)
Net cash generated from operating activities	1,831,061	827,273	1,199,255	577,922	6,416,395	3,311,432	8,507,159	4,042,480
CASH FLOWS FROM INVESTING ACTIVITIES								
Acquisition of subsidiary company	-	-	(100,000)	(48,190)	(900,000)	(464,130)	-	-
Disposal of subsidiary company	-	-	-	-	993,368	512,280	-	-
Purchase of property, plant and equipment	(114,956)	(51,937)	(291,691)	(140,566)	(638,305)	(331,671)	(774,585)	(358,295)
Proceeds from disposal of property, plant and equipment	-	-	21,000	10,120	198,990	102,619	-	-
Net cash used in investing activities	(114,956)	(51,937)	(370,691)	(178,636)	(345,947)	(180,902)	(774,585)	(358,295)
CASH FLOWS FROM FINANCING ACTIVITIES								
Dividend paid	(1,245,738)	(562,824)	(2,433,572)	(1,172,738)	(3,695,955)	(1,906,004)	(2,500,000)	(1,207,250)
Repayment of hire purchase creditor	-	-	-	-	-	-	(162,944)	(84,066)
Net cash used in financing activities	(1,245,738)	(562,824)	(2,433,572)	(1,172,738)	(3,695,955)	(1,906,004)	(2,662,944)	(1,291,316)
Effect of foreign exchange translation	-	752	-	(42,533)	-	(32,767)	-	8,435
CASH AND CASH EQUIVALENTS								
Net increase/(decrease)	470,367	213,264	(1,605,008)	(815,985)	2,374,493	1,191,759	5,069,630	2,401,304
Effect of exchange rate changes	-	4,443	-	132,123	-	(5,183)	(116,992)	(205,615)
Brought forward	1,931,880	871,471	2,402,247	1,089,178	797,239	405,316	3,171,732	1,591,892
Carried forward	2,402,247	1,089,178	797,239	405,316	3,171,732	1,591,892	8,124,370	3,787,581

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(d) Summarised statements of changes in equity

(i) Ideal Jacobs Group

The following table sets out the summary statements of changes in equity prepared based on the audited financial statements of Ideal Jacobs Group for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation.

	← Non-distributable →			Distributable (Accumulated loss)/	Total equity RM
	Share capital RM	Translation reserve RM	Statutory reserve RM	Unappropriated profit RM	
At date of incorporation	100	-	-	-	100
Loss for the financial period	-	-	-	(86,376)	(86,376)
Total comprehensive loss for the financial period	-	-	-	(86,376)	(86,376)
Balance at 31 December 2009	100	-	-	(86,376)	(86,276)
Issuance of shares	9,000,000	-	-	-	9,000,000
Transaction with owners	9,000,000	-	-	-	9,000,000
Profit for the financial period	-	-	-	3,167,765	3,167,765
Other comprehensive income:					
- Exchange differences on translating foreign operations	-	(213,198)	-	-	(213,198)
- Transfer to statutory reserve	-	-	454,438	(454,438)	-
Total comprehensive income for the financial period	-	(213,198)	454,438	2,713,327	2,954,567
Balance at 31 October 2010	9,000,100	(213,198)	454,438	2,626,951	11,868,291

(ii) Ideal Jacobs

The following table sets out the summary statements of changes in equity prepared based on the audited financial statements of Ideal Jacobs for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation.

	← Non-distributable →			Distributable Accumulated loss	Total equity RM
	Share capital RM	Translation reserve RM	Statutory reserve RM	RM	
At date of incorporation	100	-	-	-	100
Loss for the financial period	-	-	-	(86,376)	(86,376)
Total comprehensive loss for the financial period	-	-	-	(86,376)	(86,376)
Balance at 31 December 2009	100	-	-	(86,376)	(86,276)
Issuance of shares	9,000,000	-	-	-	9,000,000
Transaction with owners	9,000,000	-	-	-	9,000,000
Loss for the financial period	-	-	-	(292,505)	(292,505)
Total comprehensive loss for the financial period	-	-	-	(292,505)	(292,505)
Balance at 31 October 2010	9,000,100	-	-	(378,881)	8,621,219

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9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(d) Summarised statements of changes in equity (cont'd)

(iii) IJT

The following table sets out the summary statements of changes in equity prepared based on the audited financial statements of IJT for the FPE 31 October 2010 and FPE 31 December 2009 and since the date of its incorporation.

	← Non-distributable → Share capital BAHT	Distributable Accumulated loss BAHT	Total equity BAHT
At date of incorporation	10,000,000	-	10,000,000
Loss for the financial period	-	(1,231,106)	(1,231,106)
Total comprehensive loss for the financial period	-	(1,231,106)	(1,231,106)
Balance at 31 December 2009	10,000,000	(1,231,106)	8,768,894
Loss for the financial period	-	(4,520,747)	(4,520,747)
Total comprehensive loss for the financial period	-	(4,520,747)	(4,520,747)
Balance at 31 October 2010	10,000,000	(5,751,853)	4,248,147

	Share capital RM	← Non-distributable → Translation reserve RM		Statutory reserve RM	Distributable Accumulated loss RM	Total equity RM
At date of incorporation	1,000,000	-	-	-	-	1,000,000
Loss for the financial period	-	-	-	-	(120,004)	(120,004)
Other comprehensive income: - Exchange difference on translation	-	(26,775)	-	-	-	(26,775)
Total comprehensive loss for the financial period	-	(26,775)	-	-	(120,004)	(146,779)
Balance at 31 December 2009	1,000,000	(26,775)	-	-	(120,004)	853,221
Loss for the financial period	-	-	-	-	(447,686)	(447,686)
Other comprehensive income: - Exchange difference on translation	-	3,717	-	-	-	3,717
Total comprehensive loss for the financial period	-	3,717	-	-	(447,686)	(443,969)
Balance at 31 October 2010	1,000,000	(23,058)	-	-	(567,690)	409,252

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(d) Summarised statements of changes in equity (cont'd)

(iv) IJX

The following table sets out the summary statements of changes in equity prepared based on the audited financial statements of IJX for the past three (3) FYE 31 December 2007 to 2009 and FPE 31 October 2010:-

	← Non-distributable →		Distributable Unappropriated profit RMB	Total equity RMB
	Share capital RMB	Statutory reserve RMB		
Balance at 1 January 2007	10,379,980	138,415	1,245,738	11,764,133
Dividend	-	-	(1,245,738)	(1,245,738)
Transaction with owners	-	-	(1,245,738)	(1,245,738)
Profit for the financial year	-	-	2,285,233	2,285,233
Other comprehensive income: - Transfer to statutory reserve	-	270,397	(270,397)	-
Total comprehensive income for the financial year	-	270,397	2,014,836	2,285,233
Balance at 31 December 2007	10,379,980	408,812	2,014,836	12,803,628
Dividends	-	-	(2,433,572)	(2,433,572)
Transaction with owners	-	-	(2,433,572)	(2,433,572)
Profit for the financial year	-	-	3,834,928	3,834,928
Other comprehensive income: - Transfer to statutory reserve	-	410,662	(410,662)	-
Total comprehensive income for the financial year	-	410,662	3,424,266	3,834,928
Balance at 31 December 2008	10,379,980	819,474	3,005,530	14,204,984
Dividend	-	-	(3,695,955)	(3,695,955)
Transaction with owners	-	-	(3,695,955)	(3,695,955)
Profit for the financial year	-	-	9,991,217	9,991,217
Other comprehensive income: - Transfer to statutory reserve	-	1,028,926	(1,028,926)	-
Total comprehensive income for the financial year	-	1,028,926	8,962,291	9,991,217
Balance at 31 December 2009	10,379,980	1,848,400	8,271,866	20,500,246
Dividends	-	-	(2,500,000)	(2,500,000)
Transaction with owners	-	-	(2,500,000)	(2,500,000)
Profit for the financial period	-	-	9,222,056	9,222,056
Other comprehensive income: - Transfer to statutory reserve	-	955,505	(955,505)	-
Total comprehensive income for the financial period	-	955,505	8,266,551	9,222,056
Balance at 31 October 2010	10,379,980	2,803,905	14,038,417	27,222,302

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(d) Summarised statements of changes in equity (cont'd)

(iv) IJX (CONT'D)

The following table sets out the summary statements of changes in equity prepared based on the audited financial statements of IJX for the past three (3) FYE 31 December 2007 to 2009 and FPE 31 October 2010 (cont'd) :-

	←	Non-distributable	→	Distributable	
	Share capital RM	Translation reserve RM	Statutory reserve RM	Unappropriated profit RM	Total equity RM
Balance at 1 January 2007	4,682,409	-	62,439	561,952	5,306,800
Dividend	-	-	-	(562,824)	(562,824)
Transaction with owners	-	-	-	(562,824)	(562,824)
Profit for the financial year	-	-	-	1,032,468	1,032,468
Other comprehensive income:					
- Translation difference	-	28,721	-	-	28,721
- Transfer to statutory reserve	-	-	122,165	(122,165)	-
Total comprehensive income for the financial year	-	28,721	122,165	910,303	1,061,189
Balance at 31 December 2007	4,682,409	28,721	184,604	909,431	5,805,165
Dividends	-	-	-	(1,172,738)	(1,172,738)
Transaction with owners	-	-	-	(1,172,738)	(1,172,738)
Profit for the financial year	-	-	-	1,848,053	1,848,053
Other comprehensive income:					
- Translation difference	-	741,333	-	-	741,333
- Transfer to statutory reserve	-	-	197,898	(197,898)	-
Total comprehensive income for the financial year	-	741,333	197,898	1,650,155	2,589,386
Balance at 31 December 2008	4,682,409	770,054	382,502	1,386,848	7,221,813

9. ACCOUNTANTS' REPORT



9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

(d) Summarised statements of changes in equity (cont'd)

(iv) IJX (CONT'D)

The following table sets out the summary statements of changes in equity prepared based on the audited financial statements of IJX for the past three (3) FYE 31 December 2007 to 2009 and FPE 31 October 2010. (cont'd)

	← Share capital RM	Non-distributable Translation reserve RM	Statutory reserve RM →	Distributable Unappropriated profit RM	Total equity RM
Dividends	-	-	-	(1,906,004)	(1,906,004)
Transaction with owners	-	-	-	(1,906,004)	(1,906,004)
Profit for the financial year	-	-	-	5,152,471	5,152,471
Other comprehensive income:					
- Translation difference	-	(179,204)	-	-	(179,204)
- Transfer to statutory reserve	-	-	530,617	(530,617)	-
Total comprehensive income for the financial year	-	(179,204)	530,617	4,621,854	4,973,267
Balance at 31 December 2009	4,682,409	590,850	913,119	4,102,698	10,289,076
Dividends	-	-	-	(1,207,250)	(1,207,250)
Transaction with owners	-	-	-	(1,207,250)	(1,207,250)
Profit for the financial period	-	-	-	4,386,010	4,386,010
Other comprehensive income:					
- Translation difference	-	(776,795)	-	-	(776,795)
- Transfer to statutory reserve	-	-	454,438	(454,438)	-
Total comprehensive income for the financial period	-	(776,795)	454,438	3,931,572	3,609,215
Balance at 31 October 2010	4,682,409	(185,945)	1,367,557	6,827,020	12,691,041

9. ACCOUNTANTS' REPORT

**10. OPERATING SEGMENT****(i) Business Segment**

For management purposes, the Group is organised into business units based on their products, and has four reportable products segments as follows:-

- | | | |
|-----|---|--|
| (a) | Industrial labels (including nameplates and overlays) | Labels are referred to a function portion of a pressure sensitive construction consisting of the face material and adhesive, and die-cut into various shapes |
| (b) | Laser/die-cut products | Laser/die-cut are referred to perform die-cut and laser cut process on various materials |
| (c) | Fabrication of plastic parts | Fabrication of plastic parts are referred to complement the core business of the Company in manufacture of industrial labels and nameplates and die-cut products. |
| (d) | Others | Others are mainly the supply of labels, insulators gaskets, elastomer bands and metal part that are manufactured by third parties. Metal parts include hear sinks, metal faceplates and other machined metal parts |

Management monitors the operating results to its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

31 October 2010	<u>Industrial labels</u> RM	<u>Laser/die-cut product</u> RM	<u>Fabrication of plastic parts</u> RM	<u>Other</u> RM	<u>Elimination</u> RM	<u>Total</u> RM
Revenue:						
External customers	4,105,237	1,716,906	2,455,914	1,104,569	-	9,382,626
Inter-segment	48,178	-	-	-	(48,178)	-
	4,153,415	1,716,906	2,455,914	1,104,569	(48,178)	9,382,626
Results:						
Interest income						5,759
Excess of fair value of a subsidiary company acquired over the cost of investment						1,258,386
Finance cost						(8,021)
Depreciation						(341,965)
Other non-cash expenses (a)						40,504
Taxation						(173,900)
Segment profit						3,167,765

9. ACCOUNTANTS' REPORT



10. OPERATING SEGMENT (CONT'D)

(i) Business Segment (cont'd)

31 October 2010 (cont'd)	Industrial Labels RM	Laser/ die-cut Product RM	Fabrication of plastic parts RM	Other RM	Elimination RM	Total RM
Assets:						
Additions to non-current assets (b)						315,034
Unallocated corporate assets						<u>15,697,023</u>
Liabilities:						
Unallocated corporate liabilities						<u>4,143,766</u>
31 December 2009						
Revenue:						
External customers	-	-	-	-	-	-
Inter-segment	-	-	-	-	-	-
	-	-	-	-	-	-
Results:						
Depreciation						(5,123)
Other non-cash expenses (a)						(1,727)
Segment loss						<u>(86,376)</u>
Assets:						
Additions to non-current assets (b)						51,226
Unallocated corporate assets						<u>1,848,693</u>
Liabilities:						
Unallocated corporate liabilities						<u>1,986,195</u>

Notes:

(a) Notes to other non-cash expenses consist of the following items:-

	<u>31.10.2010</u> RM	<u>31.12.2009</u> RM
Allowance for slow moving inventories	(55,169)	-
Unrealised foreign exchange gain/(loss)	105,024	(1,727)
Property, plant and equipment written off	(9,351)	-
	<u>40,504</u>	<u>(1,727)</u>

9. ACCOUNTANTS' REPORT**10. OPERATING SEGMENT (CONT'D)**

(i) Business Segment (cont'd)

Notes: (cont'd)

	<u>31.10.2010</u>	<u>31.12.2009</u>
	RM	RM
(b) Additions to non-current assets consist of:-		
Property, plant and equipment	<u>315,034</u>	<u>51,226</u>
(c) It was not practicable to separate out the segment results for its business segments to conform with current year's presentation as the Director of the Company are of the opinion that excessive costs would be incurred.		
(d) Unallocated assets and liabilities were jointly used by four products segments.		
(e) Inter-segment revenues are eliminated on consolidation.		
(ii) Geographical information		

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:-

	31.10.2010		31.10.2009	
	<u>Revenue</u>	Non-current <u>assets</u>	<u>Revenue</u>	Non-current <u>assets</u>
	RM	RM-	RM	RM
People's Republic of China	6,834,494	3,117,193	-	-
Hong Kong	56,894	-	-	-
United States America	949,907	-	-	-
Thailand	1,040,951	921,474	-	852,770
Malaysia	243,661	205,939	-	192,882
Netherlands	9,199	-	-	-
Taiwan	30,461	-	-	-
Philippines	94,270	-	-	-
Singapore	7,485	-	-	-
Korea	6,779	-	-	-
India	64,770	-	-	-
Canada	43,755	-	-	-
	<u>9,382,626</u>	<u>4,244,606</u>	<u>-</u>	<u>1,045,652</u>

(iii) Information about a major customer

Revenue from one major customer amount to RM1,333,092 (2009: RMNil) arising from Industrial labels segment.

9. ACCOUNTANTS' REPORT

**11. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE**

On 13 January 2011, a subsidiary company, Ideal Jacobs (Xiamen) Corporation has entered into a lease agreement for the lease of a premise located at Gangtian Industrial Square, Suzhou, PRC for use as a factory and office.

The future contractual lease rental commitments are as follows:-

	<u>RM</u>
<u>Tenant period</u>	
1.5.2011 to 30.4.2012	119,281
1.5.2012 to 30.4.2013	125,558
1.5.2013 to 30.4.2014	131,836
	<u>376,675</u>

On 17 February 2011, a subsidiary company, Ideal Jacobs (Xiamen) Corporation has entered into a Sale and Purchase agreement amounted RM927,885 for the purchase of a premise located at Unit C2801, Building3, Plot 3, Xin Jing Center, No. 25 Jia He Road, Xiamen, China.

On 2 April 2011, a subsidiary company, Ideal Jacobs (Xiamen) Corporation has entered into a construction project contract amounted to RM188,346 for the renovation on the premise located at Gangtian Industrial Square, Suzhou, PRC with Suzhou Tri Falcon Decoration Engineering Co., Ltd.

There were no any other significant event subsequent to the reporting date other than the abovementioned and the Flotation Exercise as mentioned in Note 2.1.1.

9. ACCOUNTANTS' REPORT



12. AUDITED FINANCIAL STATEMENTS

No audited financial statements have been prepared in respect of any period subsequent to 31 October 2010.

Yours faithfully,

A handwritten signature in black ink, appearing to read "SJ Grant Thornton", written over a horizontal line.

SJ GRANT THORNTON
Firm Number: AF 0737
Chartered Accountants

A handwritten signature in black ink, appearing to read "Dato' N. K. Jasani", written over a horizontal line.

DATO' N. K. JASANI
Approval Number: 708/03/12 (J/PH)
Partner of the Firm

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF****IDEAL JACOBS (MALAYSIA) CORPORATION BHD.**

(Incorporated in Malaysia)

Company No: 857363 U

SJ Grant Thornton (AF:0737)

Level 11, Faber Imperial Court

Jalan Sultan Ismail,

P. O. Box 12337

50774 Kuala Lumpur, Malaysia

T +6 (03) 2692 4022

F +6 (03) 2691 5229

www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Ideal Jacobs (Malaysia) Corporation Bhd., which comprise the balance sheet as at 31 December 2009 of the Group and of the Company and the income statement, statement of changes in equity and cash flow statement of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 40.

Directors' Responsibilities for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Company No: 857363 U

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of the financial performance and cash flows for the financial period then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.
- b) We have considered the financial statements and the auditors' reports of the subsidiary company of which we have not acted as auditors, as disclosed in Note 9 to the Financial Statements.
- c) We are satisfied that the financial statements of the subsidiary company that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The auditors' reports on the financial statements of the subsidiary company did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

HOOI KOK MUN
CHARTERED ACCOUNTANT
(NO: 2207/01/12(J))

Kuala Lumpur
7 June 2010

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTOR OF****IDEAL JACOBS (XIAMEN) CORPORATION**

(Incorporated in The People's Republic of China)

Company No: 350200400008183

SJ Grant Thornton (AF:073)

Level 11, Faber Imperial Court

Jalan Sultan Ismail,

P. O. Box 12337

50774 Kuala Lumpur, Malaysia

T +6 (03) 2692 4022

F +6 (03) 2691 5229

www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Ideal Jacobs (Xiamen) Corporation which comprise the balance sheets as at 31 December 2007, 31 December 2008 and 31 December 2009, and the income statements, statements of changes in equity and cash flow statements for the financial years then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 35.

Director's Responsibilities for the Financial Statements

The director of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

9. ACCOUNTANTS' REPORT

Appendix II (2/2)



Company No: 350200400008183

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2007, 31 December 2008 and 31 December 2009 and of its financial performances and cash flows for the financial years then ended.

Other Matters

This report is made solely to the Director of the Company, as a body. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read "SJ GRANT THORNTON", written over a horizontal line.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

Kuala Lumpur
18 June 2010

9. ACCOUNTANTS' REPORT



Appendix III

"The Business Mind"

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To The Shareholders and Board of Directors of
Ideal Jacobs Corporation (Thailand) Limited

I have audited the accompanying balance sheets of Ideal Jacobs Corporation (Thailand) Limited as at 31st December, 2009 the related statements of earnings and change in shareholders' equity for the period as from 17th September, 2009 (incorporated date) to 31st December, 2009. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ideal Jacobs Corporation (Thailand) Limited as at 31st December, 2009 the results of its operation and the change in shareholders' equity for the period as from 17th September, 2009 to 31st December, 2009 in conformity with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'N. Musikaparn', is written over a light blue horizontal line.

Mr. Natthapol Musikaparn

Certified Public Accountant (Thailand) No. 7984

BANGKOK: 5th February, 2010



INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF

IDEAL JACOBS (MALAYSIA) CORPORATION BHD.

(Incorporated in Malaysia)

Company No: 857363 U

SJ Grant Thornton (AF:0737)

Level 11, Faber Imperial Court

Jalan Sultan Ismail,

P. O. Box 12337

50774 Kuala Lumpur, Malaysia

T +6 (03) 2692 4022

F +6 (03) 2691 5229

www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Ideal Jacobs (Malaysia) Corporation Bhd., which comprise the statements of financial position as at 31 October 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 54.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Company No: 857363 U

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2010 and of their financial performance and cash flows for the financial period then ended.

Other Matters

This report is made solely to the directors of the Company, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read "SJ GRANT THORNTON", written over a horizontal line.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

Kuala Lumpur
24 February 2011



INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF IDEAL JACOBS (XIAMEN) CORPORATION

(Incorporated in The People's Republic of China)
Company No: 350200400008183

SJ Grant Thornton (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail,
P. O. Box 12337
50774 Kuala Lumpur, Malaysia
T +6 (03) 2692 4022
F +6 (03) 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Ideal Jacobs (Xiamen) Corporation, which comprise the statement of financial position as at 31 October 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 42.

Director's Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Company No: 350200400008183

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 October 2010 and of its financial performance and cash flows for the financial period then ended.

Other Matters

This report is made solely to the Directors of the Company, as a body and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read "SJ GRANT THORNTON", written over a horizontal line.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

Kuala Lumpur
24 February 2011

9. ACCOUNTANTS' REPORT



APPENDIX VI

“Professionalism at the Forefront”

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To The Shareholders and Board of Directors of
Ideal Jacobs Corporation (Thailand) Limited

I have audited the accompanying balance sheets of Ideal Jacobs Corporation (Thailand) Limited as at 31st October, 2010 and as at 31st December, 2009 the related statements of earnings and change in shareholders' equity for the period as from 1st January, 2010 to 31st October 2010 and for the period as from 17th September, 2009 to 31st December, 2009. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ideal Jacobs Corporation (Thailand) Limited as at 31st October, 2010 and 31st December, 2009 the results of its operation and the change in shareholders' equity for the period as from 1st January, 2010 to 31st October 2010 and for the period as from 17th September, 2009 to 31st December, 2009 in conformity with generally accepted accounting principles.

Mr. Natthapol Musikaporn

Certified Public Accountant (Thailand) No. 7984

BANGKOK: 28th December, 2010

Mc Millan Woods (Thailand) Limited 317 Kamol Sukosol Building Level 10 Suite 10B Silom Road, Bangrak, Bangkok 10500 Thailand

+66 (0) 2 631-2550 +66 (0) 2 631-2554 www.mcmillanwoods.com info@th.mcmillanwoods.com

10. REPORTS

10.1 INDEPENDENT MARKET RESEARCH REPORT

(Prepared for inclusion in this prospectus)



VITAL FACTOR CONSULTING

Creating Winning Business Solutions

Vital Factor Consulting Sdn Bhd

(Company No.: 266797-T)

75C & 77C Jalan SS22/19

Damansara Jaya

47400 Petaling Jaya

Selangor Darul Ehsan, Malaysia

Tel: (603) 7728-0248

Fax: (603) 7728-7248

Email: enquiries@vitalfactor.com

Website: www.vitalfactor.com

12 April 2011

The Board of Directors
Ideal Jacobs (Malaysia) Corporation Bhd
Level 15-2, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Dear Sirs and Madam

Independent Assessment of the Industrial Label Manufacturing Industry in People's Republic of China (PRC)

The following is an independent assessment of the Industrial Label Manufacturing Industry in PRC prepared by Vital Factor Consulting Sdn Bhd for inclusion in the prospectus of Ideal Jacobs (Malaysia) Corporation Bhd (herein together with all or any one or more of its subsidiaries will be referred as **Ideal Jacobs Group** or **the Group**) in relation to its listing on the ACE Market of Bursa Malaysia Securities Berhad.

1. BACKGROUND

- Ideal Jacobs Group's core business is focused on the manufacturing of industrial labels and nameplates, and laser/die cut products. This is complemented by its secondary business, which is in the fabrication of plastic parts. Its main manufacturing operation is in PRC. As such, this report will focus on the Industrial Label Manufacturing Industry in PRC.
- All figures converted from USD to RMB is based on an exchange rate of USD1 = RMB6.5855 as at 28 January 2011.

10. REPORTS

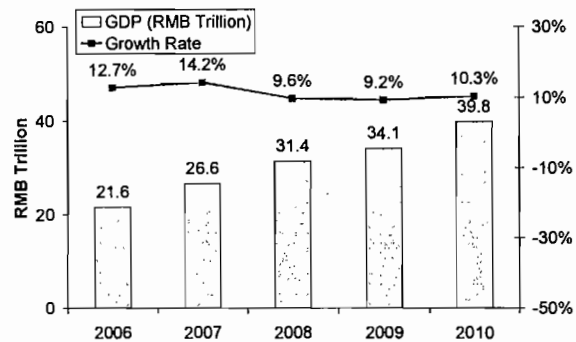


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2. SOCIO-ECONOMIC PERFORMANCE OF PRC

- In 2006, PRC's real GDP registered a growth of 12.7%. This was contributed by the fact that many of the sectors continued to experience growth, including investments in fixed assets, domestic spending, increased in foreign trading, expansion in the private sector and growth in household income.



Source: National Bureau of Statistics of China

Figure 1. Real GDP Growth in PRC

- In 2007, PRC's real GDP continued to expand by 14.2%. The Chinese economy maintained a good momentum characterised by rapid growth, improved economic structure, maintained efficiency and improved living standards despite the increasing uncertainties in the international economic and financial performance and rising inflationary pressure in PRC.
- Despite the global slowdown in 2008, PRC's real GDP grew by 9.6%, surpassing many more advanced economies like the United States, the United Kingdom and Japan which recorded real GDP of 0.0%, -0.1% and -1.2% respectively.
- In 2009, in spite of the severe impact brought about by the global financial crisis, PRC continued to register real GDP growth of 9.2% while the real GDP growth for more advanced economies like the United States, the United Kingdom and Japan in 2009 were -2.6%, -4.9% and -6.3% respectively. The Chinese Government's implementation of proactive fiscal policy and moderation of monetary policy helped to counter the sliding of the economy and moved it towards a favourable direction.
- In 2010, PRC's real GDP growth was 10.3%, while that the real GDP growth for more advanced economies like the United States, the United Kingdom and Japan in 2010 were 2.9%, 1.3% and 3.9% respectively, which were lower compared to China's real GDP.
- The relatively stronger growth of the PRC's economy compared to other advanced economies augurs well for companies like Ideal Jacobs Group who is mainly serving the PRC market.

(Sources: National Bureau of Statistics of China and Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

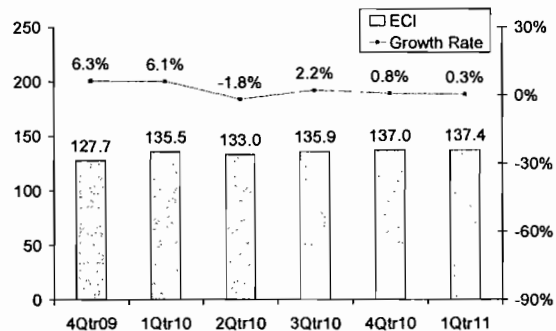
10. REPORTS



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- During the fourth quarter of 2009, the ECI increased by 6.3% to reach 127.7 points. Almost all sectors registered growth except for the social services sector.
- In the first quarter of 2010, the ECI increased by 6.1% to reach 135.5 points. This indicates that confidence of entrepreneurs from most of the sectors continued to increase during this period.
- During the second quarter of 2010, the ECI decreased slightly by 1.8% to 133.0 points. Confidence levels of entrepreneurs were varied across the various sectors where the individual sectors either recorded a slight increase or decrease compared to the previous quarter, with the exception of the real estate sector, which recorded a drop of 23 points.
- In the third quarter of 2010, the ECI increased by 2.2% to reach 135.9 points. The growth is mainly due to the increase in confidence levels of entrepreneurs among majority of the sectors.
- During the fourth quarter of 2010, the ECI increased by 0.8% to reach 137.0 points. The growth can be attributed to the significant increase in confidence among entrepreneurs in the information transmission, computer services and software sector as well as those in the industry and construction sectors.
- In the first quarter of 2011, the ECI increased marginally by 0.3% to reach 137.4 points. The growth was contributed by the slight increases in the wholesales and retail trades sector as well as social services sector.
- A continuing growth of ECI will augur well for overall manufacturing industry in PRC.



Source: National Bureau of Statistics of China

Figure 2. Entrepreneur Confidence Index in PRC

(Source: National Bureau of Statistics of China)

10. REPORTS



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3. INDUSTRY STRUCTURE

3.1 Overall Structure

- The Label Manufacturing Industry can be segmented as follows:

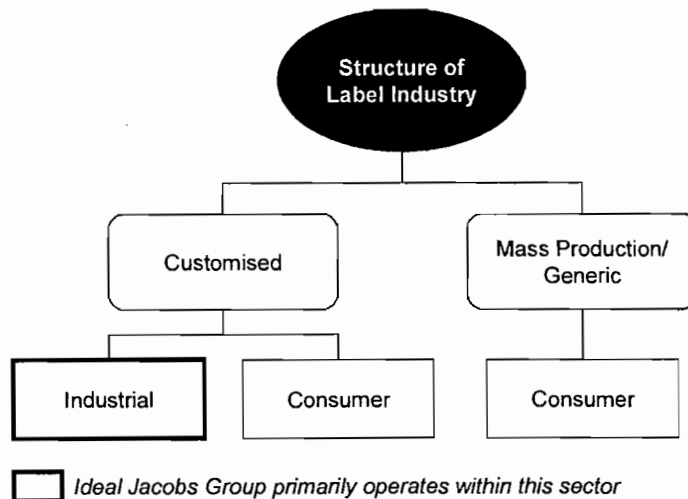


Figure 3. Structure of the Label Manufacturing Industry

- Customised labels are specially designed and customised to meet individual customers' specifications depending on the type of application and usage.
- Customised labels are further segmented into industrial and consumer labels:
 - **Consumer Labels:** These labels are used on consumer products. The most common application is for branding, and product identification and information, particularly for fast moving consumer goods. The food and beverage industry for the retail sector is a main user of consumer labels. As such, this type of labels are more marketing oriented whereby colours and aesthetics play an important role in appealing to various target customer groups.
 - **Industrial Labels:** These labels are for use in industrial applications. Often they are placed inside products or serve specific functions other than informational. As such, they are less focused on aesthetics and colour but have specific applications, some of which include the following:
 - tamper-evident purposes as a security measure to detect tampering;
 - scribe face materials, where markings can be made on the surface of the labels;
 - informative purposes such as instruction, warning or product identification;
 - certification of originality for example use of holograms.

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VITAL FACTOR CONSULTING
 Creating Winning Business Solutions

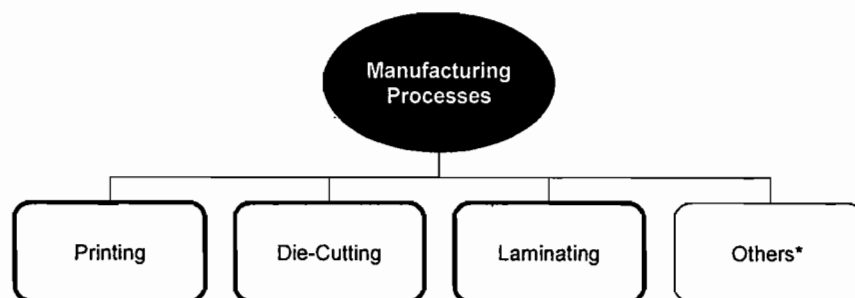
Industrial labels also include nameplates and overlays. Nameplates, usually attached to equipment, are designed to withstand exposure to adverse conditions. Nameplates usually contain information or data such as serial numbers of components, electrical requirements, type and model numbers, date of manufacture and other instructions and ratings. Overlays are large labels printed with decorative and informative letters and images. They are commonly used in membrane switches or electronic control panels displaying printed text and pictograms and diagrams. An overlay is a type of nameplate.

Printed industrial labels commonly go through a laser/die-cutting process to obtain the desired shape and size based on specifications. In most cases, manufacturers of industrial labels commonly extend their capabilities into the manufacturing of laser/die-cut products using the same equipment as for industrial labels. Generally, these laser/die-cut products are made from polymer materials such as plastic strips and foams, as well as rubber strips and foams, with or without adhesive.

- Mass produced or generic labels are manufactured to meet the needs of the general public and are mainly consumer labels. They are commonly available at retail outlets for example blank stationery labels for office use and decorative stickers in the form of cartoon characters.
- The focus of this report is on industrial labels.

3.2 Manufacturing Processes

- The manufacturing of industrial labels can also be segmented into various processes as depicted in the diagram below:



Processes undertaken by Ideal Jacobs Group

* Others include embossing, foil stamping and varnishing

Figure 4. Manufacturing Processes for Labels

- Industrial label manufacturing involves the production of plain or printed labels in roll or sheet form made of polymer film, foil or paper. Industrial labels are most commonly used as a form of product identification, information and instruction.

10. REPORTS

**VITAL FACTOR CONSULTING**

Creating Winning Business Solutions

- Industrial label manufacturing involves the one or a combination of the following processes including:
 - Printing;
 - Die-cutting;
 - Laminating;
 - Others include embossing, foil stamping and varnishing.
- Printing involves transferring an image from an original master to a printing material such as paper, polymer film or foil. Some of the printing technologies used include letterpress, screen printing, tampo printing, flexography, offset lithography, digital imaging (such as plate-less, ink-jet and digital) and foil blocking.
- In addition, printing also sometimes involves artwork whereby the original design includes diagrams, drawings and text.
- Die-cutting primarily involves imparting or cutting out products into any shape or geometric pattern and design including square, rectangle, circle and others. Die-cutting uses sharp steel rule dies, rotary or circular dies, thermal and clicker dies, as well as machined compound and progressive dies.
- Laminating refers to a web material formed by bonding two or more materials together by heat, adhesive, and/or pressure to a printed web for appearance and protection. The web material normally comprises face paper or film, adhesive, release coated liner, or sometimes a protective or decorative transparent overlay.
- Others include embossing, foil stamping and varnishing:
 - Embossing is a process to create a relief design on the surface of a material. It may be printed or left plain, and may be achieved by passing the web between rotary or flat engraved dies in a male and female formation.
 - Foil stamping is a method of printing on a letterpress using thin metallic or pigmented film and a die.
 - Varnishing refers to a thin, clear coating made up of a mixture of natural and synthetic resins and drying oils. It may be applied to the printed surface for added protection or appearance. Sometimes it is mixed with inks or pigments in the printing process.
- The manufacturing of industrial labels referred to in this report does not include the manufacture of the raw materials or feedstock used in the above processes.

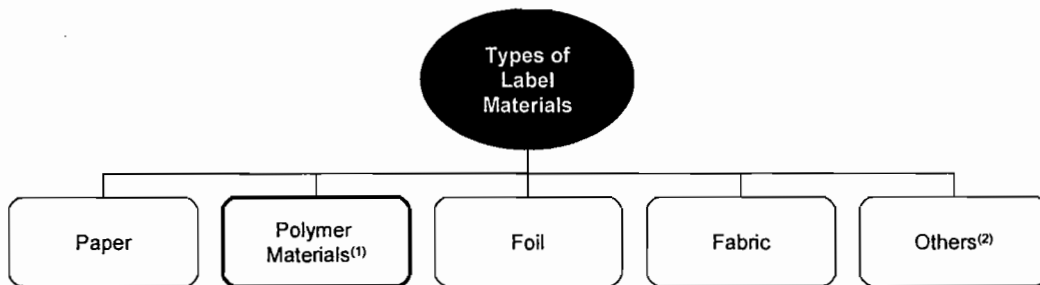
10. REPORTS



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

3.3 Types of Label Materials

- Generally, labels can be segmented into different types of materials as follows:



Ideal Jacobs Group primarily manufactures industrial labels using these types of materials

(1) Polymer materials include various types of plastic film and foam

(2) Others include metal-coated materials, rubber materials and composite materials

Figure 5. Labels by Type of Materials

- Paper is one of the main materials used for consumer labels, and also commonly used in industrial labels. It can be used as face stock or backing materials. Paper has different characteristics and finishes, such as glossy clay coated papers designed to be smooth with good print results using printing ink. Uncoated paper generally has a matt finish and can either be bulky or smooth for simple solid colour and line designs, or where overprinting machine add variable information such as text and bar codes.
- Polymer materials are commonly used as face stock materials and they can be in the form of thin film or foam. Some of these materials include polyamide/nylon, polyester, polycarbonate, polyethylene, polyvinyl chloride, polypropylene, acetate and other polymeric materials. Polymer materials are mainly used for industrial labels.
- Foils in the form of thin metal sheets and fabrics such as woven material and textiles are also used as face stock materials. Foils are mainly used for industrial labels.
- Other materials include metal-coated materials, rubber materials, and composite materials. These materials are mainly used for industrial labels.

10. REPORTS


VITAL FACTOR CONSULTING

Creating Winning Business Solutions

3.4 Vertical Structure of Industrial Label Manufacturing Industry

- The Industrial Label Manufacturing Industry can also be vertically extended to include upstream and downstream activities as follows:

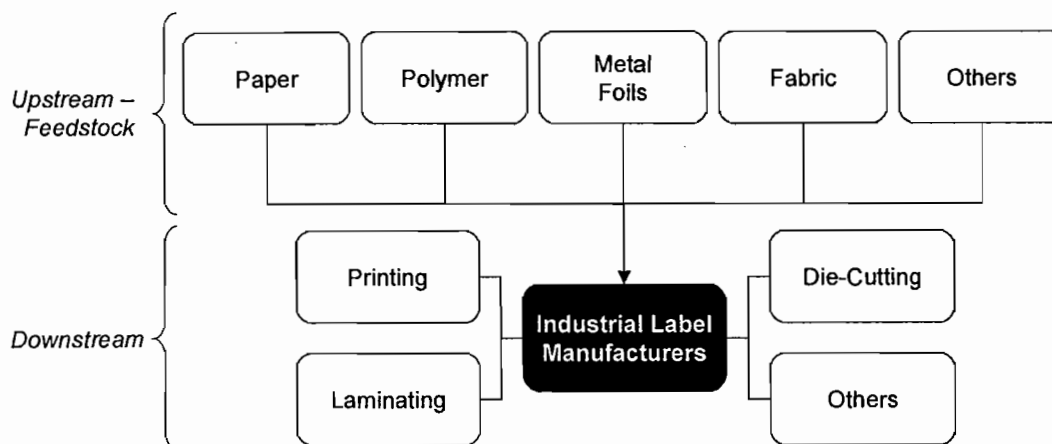


Figure 6. Vertical Structure of the Industrial Label Manufacturing Industry

Upstream

- Upstream activities primarily involve manufacturers and suppliers of feedstock used for manufacturing printed labels. Feedstock is made of various materials including paper, polymer films and sheets, metal foils, fabrics and others such as metal-coated materials, rubber materials, and composite materials.
- In 2009, there were approximately 2,000 plastic film manufacturers in PRC. Some of the types of plastic films produced in PRC include cast polypropylene (CPP) film, cast polyethylene (CPE) film, biaxially oriented polypropylene (BOPP) film, biaxially oriented polyethylene terephthalate (BOPET) film and polyvinyl butyral (PVB) film.

(Source: Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

- One of the main materials used by Ideal Jacobs Group is polymer, commonly made of plastic materials.

Downstream

- Downstream activities include the manufacturing of industrial labels incorporating one or more of the following processes as follows:
 - Printing;
 - Die-cutting;
 - Laminating;
 - Others include embossing, foil stamping and varnishing.

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- In 2010, there were approximately 3,000 companies manufacturing plastic and paper based labels in PRC. (*Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd*).
- Ideal Jacobs Group's business activities are mainly in the downstream manufacturing of industrial labels. The Group is currently involved mainly in printing, die-cutting and laminating processes.

4. SUBSTITUTE PRODUCTS AND SERVICES

- All industries use labels in one form or another. However there are substitutes for labels whereby other processes negates the need to use labels and some of the common examples of these include:
 - injection moulding of brand name and other information onto plastics;
 - direct laser and engraving;
 - direct tampo printing;
 - direct bubble jet printing.
- Although these processes are already in use, they cannot totally replace the use of labels. Labels are still regarded as the most practical and cost effective application for product identification and tracking, security against counterfeit, product description or instruction, tamper protection and others.
- In addition, these substitute processes will not be practical for security purposes and this is where security labels has an advantage by having certain properties such as hologram features to protect against counterfeiting.

5. GOVERNMENT REGULATIONS, POLICIES AND INCENTIVES

- Some of the relevant regulations, which may be applicable to label manufacturers are listed below:

5.1 Business Licence

- According to the Company Law of the PRC, any party who wishes to establish a company shall register and obtain a business licence with the company registration authority.

5.2 Printing Licence

- According to the Regulations on the Administration of Printing Industry, no party can engage in a business involving printing activities without obtaining a printing licence.

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5.3 Patents

- In PRC, all patents are governed by the Patent Law. After the grant of the patent right for an invention or utility model, except where otherwise provided for in the Patent Law, no entity or individual may, without the authorisation of the patentee, exploit the patent, that is, make, use, offer to sell, sell or import the patented product, or use the patented process, and use, offer to sell, sell or import the product directly obtained by the patented process, for production or business purposes.
- After the grant of the patent right for a design, no entity or individual may, without the authorisation of the patentee, exploit the patent, that is, make, sell or import the product incorporating its or his patented design, for production or business purposes.
- The duration of patent right for inventions shall be twenty years, the duration of patent right for utility models and patent right for designs shall be ten years, counted from the date of filing.

5.4 Trademarks

- In PRC, all trademarks are governed by the Trademark Law. Registered trademarks refer to trademarks that have been approved and registered by the Trademark Office, and the trademark registrants shall enjoy the exclusive right to use the trademarks, and be protected by law.
- The period of validity of a registered trademark shall be ten years from the date of approval of the registration.

5.5 Environmental Regulations

- According to the Environmental Protection Law of PRC and the Environmental Protection Regulations of Xiamen City, all parties must obtain a pollutant or temporary pollutant discharge permit for discharge of pollutant.
- According to the Solid Waste Pollution Prevention Law of PRC and Environmental Protection Regulations of Xiamen City, any party engaged in the activities of collection, storage and disposal of hazardous waste, must apply for a hazardous waste management permit.

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6. SUPPLY

Production of Labels

- In 2009, the gross industrial value of label printing industry in PRC amounted to RMB14.0 billion while the production output of label printing industry amounted to 1.8 billion square metres.

Note: The labels mentioned here are for all types of printed labels, including consumer and industrial labels.

(Source: Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

7. SUPPLY DEPENDENCIES

7.1 Supply Dependencies - PRC

Imports of Self-Adhesive Materials

- Between 2006 and 2010, the import value of other self-adhesive plates, sheets, film, foil and others of plastics in PRC grew at an average annual rate of 17.7% while in 2010, it increased by 59.5% to USD1.7 billion (equivalent to RMB11.5 billion).
- In 2010, Japan was the largest source of import for other self-adhesive plates, sheets, film, foil and others of plastics in PRC, accounted for 32.9% of the total import value. This was followed by Taiwan, Korea and the United States, accounting for 17.8%, 16.4% and 13.7% of the total import value respectively. Some of the other sources of imports in 2010 include PRC (re-import), Singapore, Germany and others.

Note: The above category is used for printed and unprinted consumer and industrial labels, as well as for other applications and usages. Ideal Jacobs Group imports the above materials for their feedstock under this category.

(Source: China Customs)

7.2 Raw Materials and Feedstock

- The major raw materials used by the Group for its industrial label manufacturing operations include:
 - Plastic materials:
 - Polycarbonate
 - Polypropylene
 - Polyester
 - Adhesive
 - Plastic foam
 - Ink

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- As such, the supply of these main materials would be crucial to ensure continuous operation of its manufacturing activities. The following statistics on local production and imports in PRC are used to assess the supply of these types of materials.

Local Production

- Between 2006 and 2009, the production quantity of plastic films in PRC increased at an average annual rate of 9.3% while in 2009, it increased by 17.0% to 6.9 million tonnes.
- Between 2006 and 2009, the production quantity of adhesives and sealants in PRC increased at an average annual rate of 11.3% while in 2009, it grew by 13.4% to reach 4.1 million tonnes.
- Between 2006 and 2009, the sales value of adhesives and sealants in PRC increased at an average annual rate of 14.8% while in 2009, it grew by 8.5% to reach RMB52.6 billion.
- Between 2006 and 2009, the production quantity of plastic foams increased at an average annual rate of 18.3% while in 2009, it grew by 9.5% to reach 1.9 million tonnes.
- In 2008, the production quantity of ink by members of the Ink Association in PRC grew by 5.6% to reach 227,651 tonnes while the sales value of ink products grew by 12.0% to reach RMB5.0 billion. In 2008, the production quantity of ink in PRC amounted to approximately 434,000 tonnes.

Note: The above materials are used in the consumer and industrial label industries as well as many other industries.

(Source: Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

Imports

- Between 2006 and 2010, the import value of non-foaming plastic plates, sheets, film, foil and strip of **polycarbonates** in PRC increased at an average annual rate of 21.8% while in 2010, it grew by 61.0% to reach USD342.7 million (equivalent to RMB2.3 billion).
- In 2010, Japan was the largest source of import of non-foaming plastic plates, sheets, film, foil and strip of **polycarbonates** in PRC, accounting for 48.3% of the total import value. This was followed by Korea and Taiwan, accounting for 14.4% and 10.1% of the total import value respectively. Some of the other sources of imports in 2010 include PRC (re-import), United States, Germany and others.

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- Between 2006 and 2010, the import value of non-foaming plastic plates, sheets, film and foil and others of **polypropylene** in PRC increased at an average annual rate of 18.7% while in 2010, it increased by 22.8% to reach USD553.9 million (equivalent to RMB3.6 billion).
- In 2010, Japan was the largest source of import for non-foaming plastic plates, sheets, film and foil and others of **polypropylene** in PRC, accounting for 26.7% of the total import value. This was followed by United States and Korea, accounting for 18.4% and 18.1% of the total import value respectively. Some of the other sources of imports in 2010 include Taiwan, Germany, PRC (re-import), Australia and others.
- Between 2006 and 2010, the import value of adhesives based on polymers in primary forms or on rubber in PRC increased at an average annual rate of 25.8% while in 2010, it grew by 46.7% to reach USD1.2 billion (equivalent to RMB7.6 billion).
- In 2010, Japan was the largest source of import for adhesives based on polymers in primary forms or on rubber in PRC, which accounted for 34.3% of the total import value. This was followed by United States, Taiwan and Korea, accounting for 16.2%, 16.0% and 12.6% of the total import value respectively. Some of the other sources of imports in 2010 include Germany, PRC (re-import) and others.
- Between 2006 and 2010, the import value of other printing ink in PRC decreased at an average annual rate of 0.3% while in 2010, it grew by 16.8% to USD339.3 million (equivalent to RMB2.2 billion).
- In 2010, Japan was the largest source of import for other printing ink in PRC, accounting for 37.2% of the total import value. This was followed by Taiwan, which accounted for 19.2% of the total import value. Some of the other sources of imports in 2010 include Korea, PRC (re-import), United States, Germany, Singapore and others.
(Source: China Customs)

Note: The above materials are used in the consumer and industrial label industries as well as many other industries.

7.3 Supply Dependencies – Malaysia

- As Ideal Jacobs Group intends to set-up a manufacturing plant in Malaysia, following are some relevant statistics on Malaysia.

Raw Materials and Feedstock

- Between 2006 and 2010, sales value of the manufacture of plastic bags and films increased at an average annual rate of 2.3% while in 2010, it grew by 10.8% to RM5.6 billion.

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- Between 2006 and 2010, sales of the manufacture of plastic foam products increased at an average annual rate of 5.2% while in 2010, it grew by 18.4% to RM514.4 million.
- Between 2006 and 2010, sales value of the manufacture of printing ink decreased at an average annual rate of 1.6% while in 2010, it declined by 23.1% to RM306.7 million.
- Between 2006 and 2010, import value of plates, sheets, film, coil and strips of plastics increased at an average annual rate of 4.4% while in 2010, it grew by 12.0% to reach RM2.6 billion.

(Source: Department of Statistics, Malaysia)

7.4 Supply Dependencies - Thailand

- As Ideal Jacobs Group has recently set-up a manufacturing plant in Thailand, following are some relevant statistics on Thailand.

Raw Materials and Feedstocks

- In 2006 (latest available data), gross output value of the manufacture of paints, varnishes and similar coatings, printing ink and mastics totalled 44.7 billion Baht.
- In 2006 (latest available data), gross output value of the manufacture of plastic products totalled 239.9 billion Baht.
- Between 2006 and 2010, import value of plastic films and foils increased at an average annual rate of 4.9% while in 2010, it grew by 26.0% to 35.9 billion Baht.

(Source: National Statistical Office, Thailand and Ministry of Commerce, Thailand)

8. DEMAND**8.1 PRC****Export**

- Between 2006 and 2010, the export value of other self-adhesive plates, sheets, film, foil and others of plastics in PRC increased at an average annual rate of 21.7% while in 2010, it increased by 48.3% to USD875.9 million (equivalent to RMB5.8 billion).

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- In 2010, Hong Kong was the largest export market for self-adhesive plates, sheets, film, foil and others of plastics in PRC, which accounted for 15.6% of the total export value. This was followed by United States, India, Russia, Japan, Brazil and other countries.
(Source: China Customs)

Demand Dependencies

- The end-user-industry applications of labels are diverse, as virtually all products that are manufactured would require some form of labelling or identification.
- Some of the industrial applications of labels are used in the following products:
 - telecommunications products such as mobile phones and accessories (batteries), and fixed line telephones;
 - computers and peripherals such as notebooks, laptops, keyboards;
 - electrical appliances such as refrigerators, toasters, microwave ovens and washing machines;
 - medical equipment such as diagnostic equipment, medical monitors, laboratory equipment.
- Some examples of industrial applications of labels include bar coding, certification of originality, tamper evident, warnings and many others.
- The diversity in applications and user industries will continue to provide diversity in customer base ensuring continuing demand and opportunities for label manufacturers.
- As Ideal Jacobs Group primarily manufactures industrial labels for the electronics and medical equipment sectors, this section will focus on performance of these two sectors.
- In addition, end-consumer demand for products requiring labels would also affect the demand for labels, as such this section would also include analysis on the consumption of electronic products and medical appliances, and some of the factors that will affect consumption of electronic products.
- Between 2006 and 2009, the gross industrial output value of the manufacture of communication equipment, computers and electronic equipment in PRC increased at an average annual rate of 10.4% while in 2009, it grew by 1.5% to reach RMB4.5 trillion. In 2009, there were approximately 14,000 manufacturers of communication equipment, computers and electronic equipment in PRC.
- Between 2005 and 2009, the gross industrial output value of the manufacture of electronic appliances in PRC (a sub-sector of the manufacture of communication equipment, computers and electronic equipment) increased at an average annual growth rate of 20.7% while in 2009, it increased by 1.5% to RMB644.7 billion. In 2009, there were approximately 2,400 manufacturers of electronic appliances in PRC.

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- Between 2005 and 2009, the gross industrial output value of the manufacture of medical equipment and appliances in PRC increased at an average annual rate of 28.9% while in 2009, it grew by 17.0% to reach RMB97.3 billion. In 2009, there were approximately 1,300 manufacturers of medical equipment and appliances in PRC.
- Between 2005 and 2009, the sales value of wholesale of computer, software and assistant appliances in PRC grew at an average annual rate of 23.8% while in 2009, it increased by 10.0% to reach RMB257.1 billion.
- Between 2005 and 2009, the sales value of specialty retail trade of household electric appliances and electronic products in PRC grew at an average annual rate of 19.3% while in 2009, it increased by 3.1% to reach RMB367.1 billion.
- Between 2005 and 2009, the sales value of retail trade of computer, software and assistant appliances in PRC (a sub-sector of sales value of specialty retail trade of household electric appliances and electronic products) grew at an average annual rate of 22.3% while in 2009, it decreased by 2.7% to RMB69.5 billion.
- Between 2005 and 2009, the sales value of retail trade of communication equipments in PRC (a sub-sector of sales value of specialty retail trade of household electric appliances and electronic products) grew at an average annual rate of 10.2% while in 2009, it decreased by 6.5% to RMB34.6 billion.
- Between 2004 and 2008, the retail value of communication appliances in PRC grew at an average annual rate of 11.6% while in 2008, it increased by 1.4% to reach RMB62.0 billion.

(Source: National Bureau of Statistics of China and Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

8.2 Malaysia

- As Ideal Jacobs Group intends to set-up a manufacturing plant in Malaysia, following are some relevant statistics on Malaysia.

8.2.1 Demand**Local Production**

- Between 2006 and 2010, sales value of the manufacture of gummed or adhesive paper in strips or rolls and labels, and wallpaper increased at an average annual rate of 20.0% while in 2010, it grew by 42.8% to RM644.9 million.

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Export

- Between 2006 and 2010, export value of printed matters decreased at an average annual rate of 1.9% while in 2010, it declined by 1.3% to RM876.6 million.

(Source: Department of Statistics, Malaysia)

8.2.2 Performance of the User Industries
Electrical and Electronics

- Electrical and electronics industry in Malaysia comprises electronic components, consumer electronics, industrial electronics and electrical products. From January to November of 2009, output of electrical and electronics industry accounted for 33.9% of the total output of the manufacturing sector in Malaysia.
- Between 2006 and 2010, sales value of the manufacture of computer and computer peripherals decreased at an average annual rate of 15.4% while in 2010, it declined by 13.2% to RM33.3 billion.
- Between 2006 and 2010, sales value of the manufacture of domestic appliances, not elsewhere classified grew at an average annual rate of 7.0% while in 2010, it grew by 12.0% to reach RM2.8 billion.
- Between 2006 and 2010, sales value of the manufacture of semi-conductor devices decreased at an average annual rate of 3.2% while in 2010, it declined by 5.5% to RM42.7 billion.
- Between 2006 and 2010, sales value of the manufacture of electronic valves and tubes, and printed circuit boards decreased at an average annual rate of 8.1% while in 2010, it grew by 8.4% to RM25.4 billion.
- Between 2005 and 2009, total exports of electrical and electronics declined at an average annual rate of 3.3% while in 2009, it declined by 10.8% to RM246.9 billion. From January to November 2010, total exports of electrical and electronics grew by 11.7% to reach RM248.2 billion compared to the corresponding period in 2009.

Medical Devices

- Between 2006 and 2010, sales value of manufacture of medical and surgical equipment, and orthopaedic appliances increased at an average annual rate of 8.5% while in 2010, it grew by 10.7% to RM1.4 billion.
- In 2009, expenditure on medical devices in Malaysia was USD826 million (equivalent to RM2.5 billion).

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- Between 2006 and 2010, export value of medical instruments and appliances, not elsewhere specified increased at an average annual rate of 9.4% while in 2010, it increased by 8.2% to reach RM1.9 billion.

(Source: Malaysian Industrial Development Authority and Department of Statistics, Malaysia)

8.3 Thailand

- As Ideal Jacobs Group has recently set-up a manufacturing plant in Thailand, following are some relevant statistics on Thailand.

8.3.1 Demand

- There are no statistics available specifically for the local production of industrial labels in Thailand. As such, the export statistics on printed matters will be used as an indication for demand in Thailand.
- Between 2006 and 2010, export value of printed matters increased significantly at an average annual rate of 102.4% while in 2010, it grew by 23.4% to reach 65.8 billion Baht. *(Source: Ministry of Commerce, Thailand)*

8.3.2 Performance of the User Industries
Electrical and Electronics

- Between 2005 and 2009, the manufacturing production index (MPI) for electronic products increased at an average annual rate of 16.1% while in 2009, it grew by 2.2% to reach 467.2 points.
- Between 2005 and 2009, the MPI for electrical appliances decreased at an average annual rate of 3.4% while in 2009, it declined by 14.6% to 108.1 points.
- In 2006 (latest available data), gross output value of the manufacture of electronic valves and tubes, and other electronic components totalled 499.2 billion Baht.
- Between 2005 and 2009, production of integrated circuits increased at an average annual rate of 3.9% while in 2009, preliminary figures indicated that it declined by 3.5% to 13.3 billion pieces. In the first seven months of 2010, preliminary figures indicated that the production of integrated circuits grew by 63.9% compared to the corresponding period in 2009 to reach 10.9 billion pieces.

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- Between 2005 and 2009, production of computer monitors decreased at an average annual rate of 26.1% while in 2009, preliminary figures indicated that it declined by 6.3% to 660,089 sets. In the first seven months of 2010, preliminary figures indicated that the production of computer monitors totalled 385,000 sets.
- Between 2005 and 2009, production of selected electrical and electronic products, including computer keyboards, hard disk drive, printers and household appliances increased at an average annual rate of 14.3% while in 2009, preliminary figures indicated that it grew by 0.4% to 286.3 million units. In the first seven months of 2010, preliminary figures indicated that the production of selected electrical and electronic products grew by 28.6% compared to the corresponding period in 2009 to reach 189.5 million units.
- Between 2006 and 2010, export value of electrical equipment increased at an average annual rate of 3.8% while in 2010, it grew by 22.9% to 650.7 billion Baht.
- Between 2006 and 2010, export value of printed circuits decreased at an average annual rate of 6.2% while in 2010, it grew by 4.1% to 30.2 billion Baht.

Medical Devices

- In 2006 (latest available data), gross output value of medical and surgical equipment, and orthopaedic appliances totalled 6.1 billion Baht.
- Between 2000 and 2005, total supply of scientific equipments, including medical equipment grew at an average annual rate of 14.2% while in 2005 (latest available data), it reached 121.2 billion Baht, representing an increase of 94.0% compared to 2000.
- Between 2006 and 2010, export value of medical instruments and appliances increased at an average annual rate of 4.0% while in 2010, it declined by 2.6% to 13.8 billion Baht.

Telecommunication Products

- Between 2005 and 2009, total number of fixed telephone lines decreased at an average annual rate of 2.5% while in 2009, it declined by 5.0% to 2.8 billion lines.
- Between 2005 and 2009, total number of mobile phone lines increased at an average annual rate of 17.1% while in 2009, it grew by 11.4% to reach 30.4 billion lines.
- Between 2006 and 2010, export value of telephone sets increased at an average annual rate of 18.4% while in 2010, it grew by 37.6% to 29.9 billion Baht.

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- Between 2006 and 2010, export value of transmission apparatus increased at an average annual rate of 4.4% while in 2010, it grew by 16.3% to 4.8 billion Baht.
- Between 2000 and 2005, total supply of radio, television and communication equipment and apparatus grew at an average annual rate of 4.4% while in 2005 (latest available data), it reached 1.2 trillion Baht, representing an increase of 24.0% compared to 2000.

(Source: National Statistical Office, Thailand, Ministry of Commerce, Thailand and Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

9. COMPETITION
9.1 Nature of Competition in the Industrial Label Manufacturing Industry

- In general, operators in the Industrial Label Manufacturing Industry face normal competitive conditions, which is similar to a free enterprise environment characterised by the following:
 - There are no undue government regulations or licensing requirements;
 - The industry is not dominated by a single or small number of operators;
 - Operators may enter and leave the industry freely;
 - No single or small group of operators is large enough to dictate pricing.
- In such an environment, the industry is subjected to normal supply and demand conditions moderated by the price mechanism. Operators compete on product and service differentiations, and other factors of competition.

9.2 Factors of Competition

- As with most free enterprise environment, competition within the Industrial Label Manufacturing Industry is based on a number of factors, including
 - Quality products and services;
 - Manufacturing capabilities and capacities;
 - Price competitiveness;
 - Track record.



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9.3 Impact of Factors of Competition on Ideal Jacobs Group

- Quality Products and Services:** Quality products and services are important as labels are used for purposes such as product identification, bar coding for product tracking, security against counterfeit, brand identification, instruction labelling and others. Quality labelling on a product becomes even more important when the product is meant for a longer length of usage and/or could come into contact with heat and/or liquid. Thus, manufacturers that have stringent quality assurance programmes and certifications in place together with in-house quality tests and inspections will be in a better position to compete and win new customers.
- Manufacturing Capabilities and Capacities:** Certain level of technical expertise and experience are required in the manufacturing process of labels to meet the specifications of final products. In addition, experienced and trained workers are also required in the operation of machinery and equipment in the manufacturing processes.

In some situations, customers may require a high volume of output delivered in a relatively short period or time. This is because customers in the manufacturing industries generally produce their goods in large quantities and require labels promptly as and when they require them. As such, industrial label manufacturers with large capacity would have some competitive advantage.

- Price Competitiveness:** Manufacturers that are able to provide price competitive solutions would have a significant competitive advantage. The need for price competitive manufacturers is partly driven by the competition from other manufacturers and cost consciousness of user industries such as manufacturers of electronic and electrical products.
- Track Record:** Customers would normally select manufacturers with a strong track record. This is important, as customers expect a high level of product and service quality. As such, a potential supplier with a strong track record would be in a better position to win new customers.

9.4 Competitive Intensity

- Competition for Ideal Jacobs Group primarily comes from other manufacturers of industrial labels in PRC. This is because Ideal Jacobs Group's main manufacturing operations are based in PRC. Nevertheless, industrial label manufacturers in PRC also compete against manufacturers in other countries.
 - In 2010, there were approximately 3,000 enterprises in PRC engaged in the manufacture of labels. (Source: *Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd*)

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- Between 2006 and 2010, the import value of other self-adhesive plates, sheets, film, foil and others of plastics in PRC grew at an average annual rate of 17.7% while in 2010, it increased by 59.5% to USD1.7 billion (equivalent to RMB11.5 billion). *(Source: China Customs)*
- The large market size of the label printing industry in PRC of RMB15 billion in 2010 *(Source: Vital Factor Consulting Sdn Bhd)* would be able to accommodate a relatively larger number of operators within the industry. This may mitigate somewhat the competitive intensity.
- Companies that focus on providing value-added or customised labels that incorporate various properties such as metal-coated materials, desired opacity and other specific properties such as security would face less competition compared to the generic or standard labels.
- Companies that generally provide a one-stop solution in label manufacturing by offering a wider range of services including among others, letterpress and silk screen printing, die-cutting, thermal transfer process, laser printing process, and direct thermal printing process are in a stronger position to meet the total requirements of customers.
- Larger operators that can produce large volume of output can also compete more effectively due to the benefits of economies of scale compared to smaller operators.

9.5 Players in the Industry

- In 2010, there were approximately 3,000 enterprises in PRC engaged in the manufacture of labels. *(Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd)*
- Some of the manufacturers of industrial labels that have manufacturing operations in PRC are listed in alphabetical order as follows:
 - Beijing Deji Adhesive Labels & Prints Co Ltd
 - Beijing Light Industry Printing Factory
 - Brady Corporation
 - Chang Zhou Shi Zhong Tian Print Co Ltd
 - Chung Tai Printing (BVI) Co Limited *(Subsidiary of Neway Group Holdings Ltd)*
 - CymMetrik Group
 - Ideal Jacobs Group
 - Jian Sheng Printing Co Ltd
 - Kaida (HK) International Company
 - Kunshan Chengya Printing Co Ltd
 - Lutong Printing Co Ltd
 - Industry Co Ltd of Shenzhen City Lingyu
 - Shanghai Pramers Chemi-tech Co Ltd
 - Shenzhen TJX Print Industrial Co Ltd
 - Shenzhen Xiushun Label-Printing Co Ltd
 - Suzhou Advance Printing Co Ltd

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- Top Print Labels (Suzhou) Co Ltd
- Worldmark International Ltd

(Note: The above is not an exhaustive list.)

(Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

10. BARRIERS TO ENTRY

10.1 Capital and Set-up Costs

- The capital set-up cost for the Industrial Label Manufacturing Industry is **moderate**.
- The capital investment required to start up a label manufacturing plant in PRC would cost approximately RMB10 million (excluding land and building). This includes:
 - 1 unit of screen printing machine;
 - 1 unit of UV curing equipment;
 - 1 unit of die-cut machine;
 - RMB1 million working capital;
 - Other factory set-up costs;
 - A printing licence.

This type of investment is for a relatively small industrial label manufacturing operation.

- However, smaller sized operators will face difficulties in competing with larger operators that have the advantage of economies of scale. It is critical for operators to maximise on the volume of production to ensure profitability.
- Therefore capital set-up cost may pose a barrier to entry for new entrants into the Industrial Label Manufacturing Industry.

10.2 Technical Skills

- There is also a certain level of technical expertise and experience required in the Industrial Label Manufacturing Industry. This is in relation to the expertise and experience required in the design, printing, die-cutting and laminating processes to meet the required specifications of final products.
- Experienced and trained workers are also required in the operation of machinery and equipment to optimise the level of productivity and to minimise on the wastage of raw materials used in the manufacturing processes.
- The other areas that require a certain degree of technical skills and experience is the ability to research and develop new types of labels that meet with customer specifications, for example certain level of peel and sheer strength, water resistance, temperature resistance and others.

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- The ability to develop innovative products would enable manufacturers to maintain their competitive edge by keeping abreast with changing consumer preferences and trends, and needs of industrial users.

10.3 Established Track Record

- Established track record is an important factor for operators in this industry. A new entrant will take time to establish a credible track record in the industry.
- It is common that an established customer base also serves as an important reference site of new or potential customers.
- As such, this would pose some barriers to entry for new entrants.

10.4 Product Quality

- Product quality is an important factor in the manufacture of industrial labels.
- As such, operators that have stringent quality assurance programmes and certifications in place such as ISO are important factors in securing sales orders.
- New entrants into the industry would take some time to develop the product quality required to meet certain industry standards, and meet the requirements and expectations of customers.

11. RELIANCE ON AND VULNERABILITY TO IMPORTS

- Some of the major raw materials such as plastic foams and ink used by Ideal Jacobs Group for the FYE 31 December 2009 were largely imported. Other major raw materials used by the Group for the FYE 31 December 2009 include polycarbonate materials, polyester materials and adhesive materials which were largely sourced in PRC with a small proportion of imports
- Ideal Jacobs Group is reliant on imports for the supply of some of our major raw materials including plastic foams and ink used in our manufacturing operations. However, all of these materials are available in a number of countries, coupled with the fact that PRC has a past record of importing these materials from various overseas countries, therefore any disruption in supply would be minimised

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12. INDUSTRY OUTLOOK
12.1 PRC

- Looking forward into 2011, real GDP performance in PRC is forecasted to continue growing at approximately 8%. Although the GDP forecasted for 2011 is slightly lower compared to 2010 at 10.3%, nevertheless growth continues to be strong.
- Entrepreneur confidence in the first quarter of 2011 also continued to improve by 0.3% compared to the previous quarter, and by 1.4% compared to the same period in 2010.

(Source: National Bureau of Statistics of China and Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

- Continuing economic growth combined with stronger entrepreneur confidence will continue to provide opportunities and help sustain operators within the Industrial Label Manufacturing Industry.

Economic Conditions in PRC relative to Selected Economies

- PRC's real GDP growth at approximately 8% in 2011 is expected to be more robust compared to the projected GDP growth in 2011 for some of the more advanced economies, for example:
 - United States = 2.8%
 - United Kingdom = 1.7%
 - Japan = 1.4%

(Source: National Bureau of Statistics of China and Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

- As such, operators whose main markets are in PRC are expected to be in a better position in terms of growth opportunities compared to companies whose main markets are projected to have slower growth. PRC's prospects in terms of outlook is further boosted by its large population, which registered 1.3 billion persons in 2010. *(Source: National Bureau of Statistics of China)*

12.2 Thailand

- Ideal Jacobs Group also undertakes manufacturing of industrial labels in Thailand. As such, the economic performance of Thailand will have some impact on the Group.
- In 2010, the economic conditions in Thailand improved with a real GDP growth of 7.8% based on preliminary figures. Looking forward into 2011, Thailand's real GDP is forecasted to grow by 4.0%. *(Source: Bank of Thailand and Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)*

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- The continuing economic growth, albeit at a lower rate compared to 2010, will continue to provide opportunities for manufacturers within the Industrial Label Manufacturing Industry.

12.3 Malaysia

- As Ideal Jacobs Group intends to set-up a plant for the manufacturing of industrial labels and nameplates in Malaysia by 2011, the economic performance of Malaysia will have some relevance to its business.
- In 2010, real GDP for Malaysia grew by 7.2%. In addition, GDP of the manufacturing industry based on constant prices grew by 11.4% in 2010. *(Source: Bank Negara Malaysia)*
- Looking forward into 2011, the government of Malaysia has forecasted continuing growth as follows:
 - Real GDP growth is forecasted at between 5% and 6%
 - Real GDP growth for the manufacturing industry is forecasted at 5.7%

(Source: Ministry of Finance, Malaysia)

- Forecasted continuing growth of the economy in general and the manufacturing industry in particular in 2011 will continue to sustain and provide growth opportunities for operators within the Industrial Label Manufacturing Industry.

13. THREATS AND RISKS ANALYSIS
13.1 Global Financial Crisis

- Any prolonged and/or widespread downturn such as those of the recent global financial turmoil has affected PRC and the global economies. Industrial labels are largely dependent on the demand for electronic and electrical products and various machinery and equipments, and any downturn in the economy is likely to impact on consumer and business spending and confidence.
- A slowdown in PRC and global economies is likely to reduce demand for a wide range of products, including labels, which would have an impact on operators within the Industrial Label Manufacturing Industry.

Mitigating Factors

- As industrial labels are regarded as important or mandatory parts of many electronic, electrical and medical products, it is likely that demand for these products will still continue, albeit at a lower expenditure level during an economic slowdown.

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- In 2009, PRC experienced a real GDP growth of 9.2% and it grew by 10.3% in 2010 (*Sources: National Bureau of Statistics of China*). In contrast, many advanced economies experienced negative GDP growth in 2009. As such, PRC's economy has shown to be more robust compared to many of the more advanced economies.
- Looking forward into 2011, real GDP of PRC is forecasted at approximately 8%, which is higher compared to other advanced economies.
- Operators with strong product quality, financial stability, and various manufacturing capabilities and large capacity would be in a better position to withstand the impact of a slowdown in PRC and global economies.

13.2 Fluctuation in Raw Material Prices

- Polymer materials are commonly used as facestock for the Industrial Label Manufacturing Industry. The increase in oil prices may impact on the price of polymer materials.

Mitigating Factors

- In most situations, increases in the price of raw materials are usually passed onto the customers resulting in minimal impact on operators.
- Some examples of polymer-based raw materials used in the manufacturing of labels include double-sided and single-sided tapes, polyester tapes and films. However most of these are regarded as downstream polymer materials, which have undergone some form of value-adding, for example the incorporation of special adhesive, to form the raw materials used by label manufacturers.
- In addition, industrial labels are usually necessity items and considering the relatively low cost of labels, any increase in prices would not normally deter users from using polymer-based labels.

13.3 Competition from Local Manufacturers

- In 2010, there were approximately 3,000 manufacturers of labels in PRC. (*Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd*)
- The large number of manufacturers could generate intense competition within the industry, which may impact on the business or erode margins.

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Mitigating Factor

- As the Label Manufacturing Industry in PRC services the global market and a large base of user industries, there are sufficient business opportunities to sustain manufacturers. However label manufacturers that have an established customer base with in-house research and development capabilities and large manufacturing capacity are in stronger position to compete effectively.

13.4 Foreign Exchange Risk

- Some of the raw materials used by the Industrial Label Manufacturing Industry in PRC are derived from imported sources. In addition, some of the products produced by PRC's industrial label manufacturers are exported. Most of these transactions are denominated in foreign currencies.
- As such, fluctuations in foreign exchange rates will have an impact on the Renminbi value of imported raw materials and exported products.
- This may have an impact on the profitability of operators within the Industrial Label Manufacturing Industry. An unfavourable foreign exchange movement against the Renminbi would either reduce demand as prices would need to be increased or manufacturer's profitability would suffer if they decide to absorb the price increases.

Mitigating Factors

- The exchange rate of the Renminbi now operates on a managed float following the removal of the exchange rate peg to the US Dollar on 21 July 2005. The People's Bank of China will now monitor the value of the Renminbi relative to a basket of currencies. Promoting stability of the currency remains a primary policy objective.
- The People's Bank of China primary policy objective of promoting the stability of the currency will provide some mitigation against foreign currency risk.
- A manufacturer that earns revenue denominated in a foreign currency may mitigate against foreign exchange risk by using its foreign currency earnings to pay for purchases denominated in the same foreign currency. This could provide some natural hedging against foreign exchange fluctuations.

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14. AREAS OF GROWTH AND OPPORTUNITIES**14.1 New Export Markets**

- The Industrial Label Manufacturing Industry is also a generator of foreign exchange earnings for PRC. This is reflected by the fact that in 2010, export value of other self-adhesive plates, sheets, film, foil and others of plastics in PRC amounted USD875.9 million (equivalent to RMB5.8 billion). (Source: *China Customs*)
- In 2010, Hong Kong was the largest export market for self-adhesive plates, sheets, film, foil and others of plastics in PRC, accounting for 15.6% of the total export value. This was followed by the United States, India, Russia, Japan, Brazil and many other countries. (Source: *China Customs*)
- Thus, there are opportunities for operators in PRC to further explore the potential of export markets for labels. Operators that can serve various markets will have increased areas of opportunities for growth as well as diversify risks of dependency on any one single market.

14.2 Specialised Applications

- Within the Industrial Label Manufacturing Industry, there are opportunities for specialised applications that are driven by user-industry requirements. One such example is the pharmaceutical industry whereby special labels are used to attach to electrical circuits, which will indicate the timing for the patient to take his/her medication. This will enable the doctors to monitor the effectiveness of the dosage in patients.
- Other examples of specialised applications also include labels with 'water presence indicators'. This enables manufacturers of mobile phones to detect the presence of water in mobile phones for warranty purposes.
- Thus, operators that are able to customise specialised applications will be able to add value and justify a premium for these types of labels.

14.3 Product Diversification

- Product diversification presents opportunities for manufacturers to enlarge its customer base and more importantly enable manufacturers to minimise the risk of over dependency on certain products.
- Manufacturers who produce a diverse portfolio of industrial labels that could be applied to a large variety of industrial products are in a stronger position to sustain the business during an economic downturn.

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15. CRITICAL SUCCESS FACTORS

- **Quality of Finished Products:** To ensure business sustainability, manufacturers must be able to continually meet and deliver quality products to customers. Those who adopt stringent controls in their manufacturing processes and have attained internationally recognised accreditations, such as ISO 9000 series are in a better position to compete effectively in this area.
- **Established Track Record:** As industrial labels are used in diverse end-user industry sectors, customers must have some assurance of the quality of the products. As such, other than possessing manufacturing capabilities, a reputable track record is required to continuously secure new sales order.
- **Financial Stability:** Manufacturers in a healthy financial position are more likely to retain and attract new customers. Potential customers would emphasise financial stability as a key criterion in the evaluation of a prospective supplier as they would not want any disruption in the supply of products. In addition, a financially strong manufacturer would be in a better position to upgrade its facilities, if necessary, to keep abreast of technology or to meet future demand for increased capacity.
- **Diverse Customer Base:** Manufacturers with a diverse customer base covering different industry sectors and products are in a stronger position to minimise any dependency on any one particular industry sector or type of customers. In addition, serving diverse industry sectors and types of customers would provide growth opportunities.

16. MARKET SIZE AND SHARE
Market Size

- In 2010, the market size of the Label Printing Industry in PRC was estimated at **RMB15 billion** (equivalent to approximately **RM7 billion**) based on gross industrial output value. (Source: Vital Factor Consulting Sdn Bhd)

Note: The market size is for both consumer and industrial labels.

Market Share

- In 2010, Ideal Jacobs Group had a market share of less than **1%** of the label printing industry in PRC based on the Group's annualised revenue for the financial period ended 31 October 2010. (Source: Vital Factor Consulting Sdn Bhd)

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Vital Factor Consulting Sdn Bhd had prepared this report in an independent and objective manner and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Yours sincerely

Wooi Tan
Managing Director

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10.2 LEGAL OPINION ON RELEVANT LAWS AND REGULATIONS OF PRC

(Prepared for inclusion in this prospectus)



联合信实律师事务所

FIDELITY LAW FIRM

F. 6-7, Water Mansion, No.157, W. Lianqian Rd., XIAMEN, 361008, P.R.CHINA

中国厦门市莲前西路 157 号水务大厦六、七层, 361008

电话/Tel: +86-592-590 9988, +86-592-590 9966

传真/Fax: +86-592-590 9989, +86-592-590 9986

www.fidelity-cn.com

To : Ideal Jacobs (Malaysia) Corporation BHD

Dear Sirs ,

Based on your statement that Ideal Jacobs (Xiamen) Corporation (hereinafter referred to as IJX) is a valid existed Wholly Foreign Owned Enterprise (hereinafter referred to as WFOE) in PRC, and you are the exclusive investor of IJX, holding 100% shares of IJX and having neither Chinese individual nor legal entities as your shareholders; recently, you intend to be listed in Malaysia Equity Market.

FIDELITY Lawyers reply you with the regulations in PRC on following issues required under industrial standard of legal service, ethics and spirit of due diligence.

Repatriation of capital

Article 21 of Rules for the Implementation of the Law of the People's Republic of China on Foreign-funded Enterprises says: A wholly foreign-owned enterprise shall not reduce its registered capital during the duration of its operations. However, if there is a genuine need to reduce its registered capital as a result of changes in the total investment or in production and business scale, etc, such reduction must be approved by examining and approving authorities.

Repatriation of capital involving a WFOE (which will decrease its capital) requires the approval of the Ministry of Commerce of the PRC or its local counterpart, the issuance of a public announcement and notice to the creditors of the capital reduction and registration of the capital reduction with the State Administration of Industry and Commerce in the PRC. The repatriation of capital so reduced also requires the approval of the State Administration of Foreign

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F. 6-7, Water Mansion, No.157, W. Lianqian Rd., XIAMEN, 361008, P.R.CHINA

中国厦门市莲前西路 157 号水务大厦六、七层, 361008

电话/Tel: +86-592-590 9988, +86-592-590 9966

传真/Fax: +86-592-590 9989, +86-592-590 9986

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Exchange.

Remittance of profits

Article 19 of Law of the People's Republic of China on Foreign-funded Enterprises says: The foreign investor may remit abroad lawful profits earned from a wholly foreign-owned enterprise, other lawful income and funds obtained after liquidation of the enterprise.

Wages and other lawful income of foreign staff and workers of a wholly foreign-owned enterprise may be remitted abroad after payment of individual income tax in accordance with the law.

Article 58 of Rules for the Implementation of the Law of the People's Republic of China on Foreign-funded Enterprises says: From the profit remaining after payment of income tax accordance with Chinese tax law provisions, a wholly foreign-owned enterprise shall allocate money for a reserve fund and employee bonus and welfare funds. That allocated as the reserve fund shall be no less their 10% of the after-tax profit amount. If the accumulative total of allocated funds reaches 50% of an enterprise registered capital the enterprise shall not be required to make any further allocation. The allocation ratio for the employee bonus and welfare funds may be determined by a wholly foreign-owned enterprise itself.

A wholly foreign-owned enterprise shall be prohibited from distributing dividends unless the losses of previous years have been made up. Dividends not distributed in previous years may be distributed together with those of the current year.

The profits from WFOE may be remitted abroad after payment of tax, loss of previous years (if any), reserve fund in according with Chinese laws and regulations and employee bonus and welfare funds in according with the decision of WFOE As we know from the introduction of IJX,

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FIDELITY LAW FIRM

F. 6-7, Water Mansion, No.157, W. Lianqian Rd., XIAMEN, 361008, P.R.CHINA

中国厦门市莲前西路 157 号水务大厦六、七层, 361008

电话/Tel: +86-592-590 9988, +86-592-590 9966

传真/Fax: +86-592-590 9989, +86-592-590 9986

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IJX do not allocate money for employee bonus and welfare funds. Moreover, remittance of profits by a WFOE needs to be verified by a bank licensed to conduct foreign exchange business.

Increase of Capitals, Assign and Mortgage

Article 22 of Rules for the Implementation of the Law of the People's Republic of China on Foreign-funded Enterprises says: To increase or assign the registered capital of a wholly foreign-owned enterprise, the approval of examining and approving authorities must be obtained and procedures for registration of the change must be undertaken with an administrative authority for industry and commerce.

Article 23 says To mortgage or assign its assets or rights and interests, a wholly foreign-owned enterprise must obtain the approval of examining and approving authorities and report the details to the administrative authority for industry and commerce.

To increase or assign capitals requires the approval of the Ministry of Commerce of the PRC or its local counterpart, and registration in State Administration of Industry and Commerce. To mortgage or assign its assets or rights and interests requires the approval of the Ministry of Commerce of the PRC or its local counterpart, and filing in State Administration of Industry and Commerce.

Foreign Investment

1. Investment within China:

In accordance with Provisional Regulations on investment within China by foreign investment enterprises, the un-investee enterprise like IJX should conform to followings to invest within

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F. 6-7, Water Mansion, No.157, W. Lianqian Rd., XIAMEN, 361008, P.R.CHINA

中国厦门市莲前西路 157 号水务大厦六、七层, 361008

电话/Tel: +86-592-590 9988, +86-592-590 9966

传真/Fax: +86-592-590 9989, +86-592-590 9986

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China: 1) its registered capital has been fully paid in; 2) it has become profitable; and 3) it is operating legally and has no record of illegal operations. Investment within China by foreign investment enterprises shall, mutatis mutandis, be handled in accordance with the Directing of Foreign Investment Tentative Provisions and Foreign Investment Industrial Guidance Catalogue. Foreign investment enterprises may not invest in fields in which foreign investment is prohibited. Investee Companies shall take the form of limited liability companies or companies limited by shares. Moreover, the aggregate amount invested domestically by a foreign investment enterprise may not exceed 50% of its net assets; increases in the form of capitalized profits received from the Investee Companies shall not count towards the net assets. To invest in and establish a company in the encouraged or permitted category, a foreign investment enterprise shall submit an application and register in authority of the place where the Investee Company is to be located:

2. Overseas Investment:

Overseas investment of WFOE requires approval of Commerce Department and its provincial counterpart. WFOE obtains certificate with procedures of foreign exchange, bank, customers and foreign affairs. The legal or other procedures in host country (local) shall be finished within two years after obtaining certificate.

Purchasing Real Estate

WFOE is legal entity in China, on which no specific restriction is made by Chinese Laws.

Refer to the issue of whether you could purchase real estate within China, Opinions on Regulating the Entry of Foreign Investment into the Real Property Market and the Administration (NO.171(2006)) regulates: Branches, sub-branches and representative offices set up in China by foreign organizations (excluding enterprises that have been approved to

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中国厦门市莲前西路 157 号水务大厦六、七层, 361008

电话/Tel: +86-592-590 9988, +86-592-590 9966

传真/Fax: +86-592-590 9989, +86-592-590 9986

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engage in real property business) and foreign individuals who are to work or study in China for more than one year may, in line with their actual needs, purchase commodity premises for their own use or their own residence, but may not purchase commodity premises that they will not themselves use or reside in. Foreign organizations that do not have a branch, sub-branch or representative office in China and foreign individuals who are to work or study in China for less than one year may not purchase commodity premises. Residents of Hong Kong, Macao and Taiwan and overseas Chinese may, in line with their personal needs, purchase commodity premises in the mainland of a certain area for their own residential purposes.

Foreign Exchange Control

Regulation of the People's Republic of China on Foreign Exchange Administration (2008) is the major regulations of foreign exchange administration in China. We make brief statement on current accounts and capital accounts of foreign exchange administration.

1. Foreign Exchange Control over Current Accounts

There is no restriction on current international payment and transfer in China, the foreign exchange incomes under current accounts may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions. The foreign exchange disbursements under current accounts shall be, against valid documents, paid with self-owned foreign exchange or foreign exchange brought from financial institutions engaged in the settlement and sale of foreign exchange in accordance with provisions on the administration of the sale and purchase of foreign exchange by the administration of foreign exchange under the State Council.

2. Foreign Exchange Control over Capital Accounts

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FIDELITY LAW FIRM

F. 6-7, Water Mansion, No.157, W. Lianqian Rd., XIAMEN, 361008, P.R.CHINA

中国厦门市莲前西路 157 号水务大厦六、七层, 361008

电话/Tel: +86-592-590 9988, +86-592-590 9966

传真/Fax: +86-592-590 9989, +86-592-590 9986

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Overseas organs and individuals that directly invest in China shall go through registration formalities at foreign exchange control agencies after have been approved by relevant competent departments. Overseas organs and individuals that conduct the issuance and transaction of securities or derivatives shall observe provisions concerning market access of the state, and go through registration formalities according to provisions of the administration of foreign exchange under the State Council. Domestic organs and individuals that engaged in overseas direct investment or the issuance and transaction of securities and derivatives abroad shall go through registration formalities in accordance with provisions of the administration of foreign exchange under the State Council. With respect to those that the approval or filing of relevant competent departments are required by the state, approval or filing formalities shall be gone through prior to the foreign exchange registration. The state carries out the scale administration of foreign loans. Entities or individuals that borrow foreign loans shall observe relevant provisions of the state and go through registration formalities at foreign exchange control agencies. Where the foreign exchange incomes under capital accounts are to be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange, approvals of foreign exchange control agencies are required, except as otherwise by the state. The foreign exchange disbursements under capital accounts shall be, against valid documents, paid with self-owned foreign exchange or foreign exchange brought from financial institutions engaged in the settlement and sale of foreign exchange in accordance with provisions on the administration of the sale and purchase of foreign exchange by the administration of foreign exchange under the State Council. With respect to those that are required to be approved by foreign exchange control agencies by the state, approval formalities shall be gone through before foreign exchange disbursements. The currency denominated in RMB that belongs to foreign parties in a foreign-invested enterprise that

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联合信实律师事务所

FIDELITY LAW FIRM

F. 6-7, Water Mansion, No.157, W. Lianqian Rd., XIAMEN, 361008, P.R.CHINA

中国厦门市莲前西路 157 号水务大厦六、七层, 361008

电话/Tel: +86-592-590 9988, +86-592-590 9966

传真/Fax: +86-592-590 9989, +86-592-590 9986

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terminated according to law may, after the liquidation and taxation of the enterprise in accordance with relevant provisions of the state, be used to buy foreign exchange from financial institutions engaged in the settlement and sale of foreign exchange and remitted abroad. The foreign exchange under capital accounts and the foreign exchange settlement funds shall be used according to the purposes approved by relevant competent departments and foreign exchange control agencies. Foreign exchange control agencies are entitled to monitor and inspect the use of the foreign exchange under capital accounts and foreign exchange settlements funds as well as the changes of accounts.

Taxation Laws or Requirements for Income Derived or for Dividends Remitted from Overseas

According to The Law of the People's Republic of China on Enterprise Income Tax, Implementation of Enterprise Income Tax, Provisional Tax Regulations for Non-Resident Enterprises (No.3(2009)), Implementation Measures of Special Tax Adjustment, Notice of the Ministry of Finance and State Administration of Taxation on Issues Relevant to the Tax Policies Regarding the Criteria for Enterprises' Pre-tax Deduction of Interest Disbursements to Affiliated Parties (No. 121[2008] of the Ministry of Finance), Agreement on Avoidance of Double Taxation and Prevention of Tax Evasion, we make brief introduction on tax from financial transaction between you and IJX:

1. The enterprise income tax of such equity earnings as dividend and bonus that you obtained from IJX, as well as interest, rents and earnings from royalties and property transfer and other earnings shall be imposed on 10% withholding tax. The source withholding of enterprise income tax shall be implemented, and IJX is the withholding agent.

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FIDELITY LAW FIRM

F. 6-7, Water Mansion, No.157, W. Lianqian Rd., XIAMEN, 361008, P.R.CHINA

中国厦门市莲前西路157号水务大厦六、七层, 361008

电话/Tel: +86-592-590 9988, +86-592-590 9966

传真/Fax: +86-592-590 9989, +86-592-590 9986

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2. In case IJX obtains debt investment from you, when calculating the tax of interests paid to you by IJX, based on the ratio of debt investment to equity investment, the part less than ratio of 2 could be deducted, the part exceed could not be deducted.

Non-deductible interests payment of IJX = annual actual interest paid to related parties
 $\times (1 - 2 \div \text{related party debt to equity ratio})$

Related party debt to equity ratio = sum of monthly average related party debt investment in a year/sum of monthly average equity investment in a year

Monthly average related party debt investment = (book opening balance of related party debt investment at the beginning of the month+ book opening balance of related party debt investment at the end of the month)/2.

Hope the above response could be helpful for your listing, if any other legal questions, please not hesitate to let us know.

Best Regards!

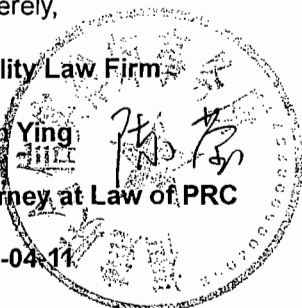
Sincerely,

Fidelity Law Firm

Chen Ying

Attorney at Law of PRC

2011-04-11



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FIDELITY LAW FIRM

F. 6-7, Water Mansion, No.157, W. Lianqian Rd., XIAMEN, 361008, P.R.CHINA

中国厦门市莲前西路 157 号水务大厦六、七层, 361008

电话/Tel: +86-592-590 9988, +86-592-590 9966

传真/Fax: +86-592-590 9989, +86-592-590 9986

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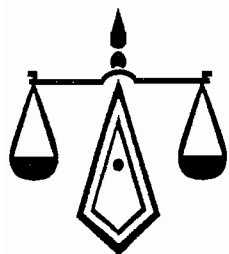
Notice

1. The Letter is relied on statement from the enquirer.
2. The legal opinion from Fidelity Lawyers is relied on existed fact and current valid laws in mainland China.
3. The lawyers only make brief introduction on above issues based on understanding of current laws in mainland China. Since lacking of concrete cases, this Letter could not cover all the related regulations in China.
4. The Letter is only for the purpose of brief introduction on regulations of the Repatriation and Remittance of the Capitals, Profits, Foreign Investment, Tax and Foreign Exchange Control matters related with you and IJX in China. Without prior written consent, no other purpose could be adopted. Except for the usage of Fidelity or DDWG for your listing, no content in Letter could be referenced, or used as legal or arbitral evidence, or be adopted for other purposes. No use right of the Letter could affect the copy right of FIDELITY.

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10.3 LEGAL OPINION ON RELEVANT LAWS AND REGULATIONS OF THAILAND

(Prepared for inclusion in this prospectus)



SBC International Law Associates Company Limited.
317 Kamol Sukosol Building Level 8 Suite 8B Silom Road Bangkok 10500
Tel : 0-2631-2066 Fax : 0-2631-2990
www.sbcinterlaw.com • info@sbcenterlaw.com

11th April 2011

The Board of Directors
Ideal Jacobs (Malaysia) Corporation Bhd.
Level 15-2, Sheraton Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur, Malaysia

Dear Sir

Per your request, we are pleased to provide to you our legal opinion (the "Opinion") concerning the following:

1. Repatriation of capital and remittance of profits of Ideal Jacobs Corporation (Thailand) Limited ("IJT")

1.1 Background

As IJT is 99.99% owned by Ideal Jacobs (Malaysia) Corporation Bhd, there may be capital, revenue or profits transferred between the two companies. We have therefore been requested to provide some information on Thai laws and regulations relating to any such transfers either to or from IJT by or to IJ as well as to provide an opinion taxation laws relating to income or dividends received by IJT from IJM or paid out by IJT to Ideal Jacobs (Malaysia) Corporation Bhd

1.2 Legal Opinion

Thailand does not place any restriction on repatriation of capital investments, loan funds, profits, interest, and dividends out of Thailand. However, tax is generally withheld on remittances of profits, interest, and dividends and thus the only governing provision in law relating to the remittance of capital investments, loan funds, profits, interest, and dividends out of Thailand is the Thai Revenue Code ("TRC")

The withholding of taxes on remittances of profits, interests and dividends fall under Section 70 of the TRC which states that "A juristic company or partnership organized under a foreign law and not carrying on business in Thailand which as derived assessable income....which is paid either from or in Thailand shall pay tax"

Tax on repatriation of income

Repatriation of profits to the head office, or keeping of profits abroad where the head office has directly received a payment for goods sold or services rendered in Thailand, is subject to further income tax at the rate of 10 per cent of the after tax profit actually or deemed to be remitted. Repatriation of assessable income such as profits, interest, and dividends from Thailand to foreign companies not doing business in Thailand (non-resident companies) is subject to withholding tax as shown below:

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SBC International Law Associates Company Limited.
 317 Kamol Sukosol Building Level 8 Suite 8B Silom Road Bangkok 10500
 Tel : 0-2631-2066 Fax : 0-2631-2990
 www.sbcinterlaw.com • info@sbcenterlaw.com

<i>Types of Income</i>	<i>Tax Rate</i>
<i>Dividends</i>	<i>10%</i>
<i>Royalty, interest, rent, service fees, capital gains</i>	<i>10%</i>

2. Regulations on ownership and transfer of the shares of IDEAL JACOBS (MALAYSIA) CORPORATION BHD or any shareholder of IJT

2.1 Legal Opinion

Ownership and transfer of shares in a limited liability company is guided by the Civil and Commercial Code of Thailand ("CCC") under Section 1129 which states that "*Shares are transferable without the assent of the company unless, in case of shares entered in a name certificate, it is otherwise provided in the regulations of the company*"

It is further stated in this Clause that the transfer of shares in a name certificate is void unless made in writing and signed by the transferor and the transferee whose signatures shall be certified by at least one witness.

In the case of IJT, all the shareholders are issued with a name share certificate and thus the transfer of shares by any one of the shareholders falls under the Articles of Association of IJT which defines how the shares may be transferred.

3. Restrictions on ownership of real estate properties by a majority foreign owned juristic entity in Thailand

3.1 Legal Opinion

Except with approval from the Minister of Interior under Section 96 bis of Land Code Amendment Act (1999) and some very specific exceptions under the Petroleum Act, Investment Promotion Act and Industrial Estate Authority of Thailand Act, foreign individuals and foreign companies are prohibited from owning land in Thailand under the Land Code Act.

In the case of a BOI promoted company (since IJT is in the process of being awarded the BOI promotional status), the company should obtain the approval of the Board of Investment. In the event that IJT ceases its business or transfers it business, it has to sell the acquired land within one year. There are, however, no restrictions for a foreign company or individual to acquire units in a condominium under certain conditions.

4. Statutory Procedures for the reduction of capital in Limited Liability Company

4.1 Legal Opinion

The reduction of capital in a limited liability company is governed under Section 1224 to 1228 of the CCC which states the following:

- a. A limited liability company may, by special resolution of its shareholders, reduce its capital either by reducing the par value of each share or by reducing the number of

10. REPORTS



SBC International Law Associates Company Limited.
317 Kamol Sukosol Building Level 8 Suite 8B Silom Road Bangkok 10500
Tel : 0-2631-2066 Fax : 0-2631-2990
www.sbcinterlaw.com • info@sbcenterlaw.com

shares. This special resolution must be registered by the company within 14 days after the date that the resolution has been adopted

b. The capital of the company may not be reduced to less than one-fourth of its registered capital

c. The approved special resolution of the shareholders to reduce the capital of the company must be published at least once for not less than 14 days in a local paper and a notice of the proposed reduction must be sent to all the known creditors of the Company. All creditors who have been notified must raise any objection to the capital reduction within three months from the date of the notice.

If no objection is raised within 3 months, none is deemed to exist. If an objection has been raised, the company cannot proceed with the capital reduction unless the opposing creditor's claim (s) has been satisfied or an acceptable form of security or surety has been given

d. If a creditor fails to give notice of its objection to the capital reduction and is able to prove with sufficient evidence that such ignorance was not due to any fault of his, those shareholders in the Company who have received any portion of the their equity back shall be personally liable for the creditor to the extent of the return of equity that the shareholders have received. This liability of the shareholders shall be for a period of 2 years from the date that the special resolution was passed

Sincerely Yours

A handwritten signature in black ink, appearing to read 'Adrian Wong', written over a circular stamp.

Adrian Wong
Managing Partner



11. DIRECTORS' REPORTS

(Prepared for inclusion in this prospectus)

Ideal Jacobs (Malaysia) Corporation Bhd. (857363 – U)
Suite 12.1, 12th Floor, East Wing, Rohas Perkasa. No. 8,
Jalan Perak 50450, Kuala Lumpur, Malaysia.
Tel: +6 03 2166 1079 Fax: +6 03 2166 2079

IDEAL JACOBS
M A L A Y S I A

Date: 15 APRIL 2011

The Shareholders of
Ideal Jacobs (Malaysia) Corporation Bhd.
Level 15-2, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Dear Sir/Madam,

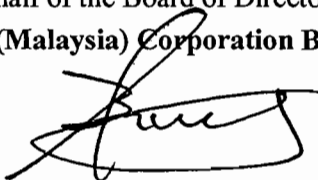
On behalf of the Board of Directors of Ideal Jacobs (Malaysia) Corporation Bhd. ("**Ideal Jacobs**"), I wish to report after due inquiry by the Board of Directors of Ideal Jacobs, that between the period from 31 October 2010 (being the date to which the latest audited financial statements of Ideal Jacobs and its subsidiaries ("**Group**") have been made up) to 15 APRIL 2011, (being a date not earlier than 14 days before the issuance of this prospectus), that:-

- (a) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities by reason of any guarantees or indemnities given by the Group;
- (e) since the last audited financial statements of the Group, there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings by the Company or any of its subsidiaries; and
- (f) save as disclosed in the Proforma Consolidated Financial Information set out in **Section 8.7** of this prospectus and since the last audited financial statements of the Group, there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group.

Yours faithfully

For and on behalf of the Board of Directors of
Ideal Jacobs (Malaysia) Corporation Bhd.

Meng Bin
Chief Executive Officer/ Managing Director



12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

12.1 SHARE CAPITAL

- (a) No Shares will be allocated or issued on the basis of this prospectus later than 12 months after the date of issue of this prospectus.
- (b) Neither our Company nor our subsidiaries have any capital that is under option, or agreed conditionally or unconditionally to be put under option.
- (c) As at the date of this prospectus there is 1 class of shares in our Company, being ordinary shares of 10 sen each, the details of which are outlined in **Section 2.6**.
- (d) Save as disclosed in **Sections 2.4, 2.8 and 4.1.1**, 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 2 years preceding from the date thereof.
- (e) Neither our Company nor our subsidiaries have any outstanding convertible debt securities, options, warrants or uncalled capital as at the date of this prospectus.
- (f) There is currently no scheme for or involving our Directors or employees in the capital of our Company or our subsidiaries.

12.2 ARTICLES OF ASSOCIATION

The following provisions are extracted from our Company's Articles of Association. The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Articles of Association.

Transfer of securities

The provisions in our Company's Articles of Association in respect of the arrangement for the transfer of securities are as follows:

Article 25 (1) The transfer of any listed security or class of listed security of the Company which have been deposited with the Depository, shall be by way of book entry by the Depository in accordance with the 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 the listed securities.

Article 27 The Depository may refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules.

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12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

Remuneration of Directors

The provisions in our Company's Articles of Association in respect of the remuneration of our Directors are as follows:

- Article 92
- (1) The Directors shall be paid by way of fees for their services, such fixed sums (if any) as shall from time to time be determined by an ordinary resolution of the Company in general meeting and shall (unless such resolution otherwise provide) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office PROVIDED ALWAYS that:
 - (a) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover; and
 - (b) The remuneration of a Director holding an executive office pursuant to these Articles shall be fixed by the Directors and may be payable by way of salary or by any or all of those modes, or otherwise as may be thought expedient but shall not include (where such remuneration is paid by way of salary) a commission on or percentage of turnover, and it may be made a term of such appointment or appointments that the appointee or appointees shall receive a pension, gratuity or other benefits on their retirement.
 - (2) The Directors shall be entitled to be reimbursed all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meeting or otherwise howsoever incurred in the course of the performance of their duties as Directors.
 - (3) Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which in the opinion of the Directors are outside his ordinary duties as a Director, may be paid such extra remuneration as the Directors may determine, subject however as is hereinafter provided in this Article.
 - (4) Any fee paid to an alternate Director shall be such as agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.
- Article 93
- Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where the notice of the proposed increase has been given in the notice convening the meeting.

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12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

Voting and borrowing powers of Directors

The provisions in our Company's Articles of Association in respect of voting and borrowing powers of our Directors are as follows:

- Article 98
- (1) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related company as may be thought fit.
 - (2) The Directors may borrow or raise any such money as aforesaid, upon such terms and conditions in all respects as the Directors may think fit, upon or by the issue or sale of any bonds, debentures, debenture stocks or securities. The Company may in general meeting grant a right for the holders of bonds, debentures, debenture stocks or securities to exchange the same for shares in the Company or any class authorized to be issued. The Directors may secure or provide for the payment of any moneys to be borrowed or raised by a mortgage or a charge upon all or any part of the undertaking or property of the Company, both present and future and upon any capital remaining unpaid upon the shares of the Company, whether called up or not or by any other security and the Directors may confer upon any mortgages or persons in whom any debentures, debenture stock or security is vested, such rights and powers as they think necessary or expedient; and they may vest any property of the Company in trustees for the purpose of securing any moneys so borrowed or so raised and confer upon the trustees or any receiver to be appointed by them or by any debenture holder, such rights and powers as the Directors may think necessary or expedient in relation to the undertaking or property of the Company, or the management or the realization thereof, or the making, receiving or enforcing of calls upon the members in respect of unpaid capital and otherwise, and may make and issue debentures to trustees for the purpose of further security, and any such trustees may be remunerated.
 - (3) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security, for any debt, liability or obligation of an unrelated third party.
- Article 115
- Subject to these Articles, the Act and the requirements of the Exchange, a Director may contract with and be interested in any contract or proposed contract with the Company and shall not be liable to account for any profit made by him by reason of any such contract; PROVIDED ALWAYS THAT the nature of the interest of the Director in any such contract be declared at a meeting of the Directors as required by Section 131 of the Act. A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly a personal interest (and if he shall do so his vote shall not be counted).

12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

Article 117 A Director may vote in respect of: -

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; and
- (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.

Changes in capital or variation of class rights

The provisions in our Company's Articles of Association in respect of the changes in capital or variation of class rights, which are as stringent as those provided in the Act, are as follows:

Article 3 Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of these Articles and the Act and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions, whether in regard to dividend, voting, return of capital or otherwise, and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:

- (a) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;
- (b) in the case of shares offered to the public for subscription, the amount payable on application for each share shall not be less than hundred per cent (100%) of the nominal amount of the share;
- (c) in the case of shares of any class, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles;
- (d) No director shall participate in a share scheme for employees unless shareholders in general meeting have approved the allotment to be made to such director.

Article 7 If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths 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 the class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy, one-third of the issued shares of

12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

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.

- Article 8 The rights conferred upon the holders of the shares of any class other than ordinary shares 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.
- Article 49 The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.
- Article 52 The Company may by ordinary resolution:
- (a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
 - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (c) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares; and
 - (d) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.
- Article 53 Subject to and in accordance with the provisions of the Act and the requirements of the Exchange and such other relevant law, regulation or guideline, the Company is allowed and shall have power, to the fullest extent permitted, to purchase its own shares or give financial assistance to any person for the purpose of acquiring shares in the Company. Any shares in the Company so purchased by the Company shall be dealt with as provided by the Act, the requirements of the Exchange and any other relevant authority.
- Article 54 The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorization, and consent required by law.

12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

12.3 LIMITATION OF RIGHTS

There are no limitations on the right to own securities including limitations on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

12.4 MATERIAL CONTRACTS

Save as disclosed below, we have not entered into any material contract which is not in the ordinary course of business of our Group within 2 years preceding the date of this prospectus:-

(a) Service Contract of Industrial Waste Disposal dated 1 December 2009 entered into between IJX and Xiamen Oasis Sources Co., Ltd.

IJX has entered into a service contract of industrial waste disposal dated 1 December 2009 with Xiamen Oasis Sources Co., Ltd. ("Xiamen Oasis"), and authorized Xiamen Oasis to dispose the industrial waste, for a term of 1 year commencing on 1 December 2009 and expiring on 1 December 2010. The consideration for this contract is as follows:

Item to be disposed	Charges (per kg)
Industrial waste	2.2 yuan
Plastic	2.2 yuan
Bottles	2.2 yuan
Office equipment waste	8.0 yuan

The minimum monthly charges are 800 yuan and the cost of transporting the waste is calculated based on 150 yuan per truckload.

The contract has expired on 1 December 2010. IJX has renewed this contract by entering into a new service contract of industrial waste disposal with Xiamen Oasis dated 12 November 2010, as disclosed in **Section 12.4 (g)**.

(b) Equity Transfer Agreement dated 20 March 2010 entered into between Ideal Jacobs and the IJX Vendors

We had on 20 March 2010 entered into an Equity Transfer Agreement with the IJX Vendors for the purpose of acquiring the entire contributed registered capital of IJX for a total consideration of USD1,260,000. Ownership of IJX passed to Ideal Jacobs on 23 March 2010. This agreement is governed by PRC laws. The IJX Acquisition has been completed on 31 May 2010 by the issuance of 90,000,000 Shares to the IJX Vendors and the persons nominated by them, Chew Siok Mei and Koo Ah Lik@Ku Yin Fu.

The IJX Acquisition is a related party transaction as the IJX Vendors are IJUS which is owned by Andrew Conrad Jacobs who is our Non-Independent Non-Executive Chairman and Foo Chong Lee who is a Promoter and substantial shareholder of Ideal Jacobs and is reflected as such in **Section 7.1.2**.

12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

(c) Territorial, Licensing and Technical Assistance Agreement dated 8 June 2010 and Supplemental Territorial, Licensing and Technical Assistance Agreement dated 12 November 2010 entered into between the Company and IJUS

Ideal Jacobs has on 8 June 2010 entered into a Territorial, Licensing and Technical Assistance Agreement with IJUS. The salient terms of this agreement are as follows:

- (i) Ideal Jacobs is exclusively entitled to and has the exclusive right to set up its business activities including but not limited to manufacturing, promoting and marketing its products, setting up plants and distribution centres in the Licensed Countries;
- (ii) IJUS undertakes and covenants to refer all sale enquiries made from any third parties in the Licensed Countries to Ideal Jacobs;
- (iii) IJUS has licensed the use of their Trademark (as defined in therein) to Ideal Jacobs in consideration of the relevant fees being paid to IJUS; and
- (iv) IJUS has agreed and undertaken to provide to Ideal Jacobs training and technical assistance in relation to all future products developed by IJUS at no cost to Ideal Jacobs.

The consideration for this agreement which is to be paid by Ideal Jacobs to IJUS annually is as follows:

- 1st Year USD50,000.00 payable on or before 31.10.2010
- 2nd Year USD60,000.00 payable on or before 31.10.2011
- 3rd Year USD70,000.00 payable on or before 31.10.2012
- 4th Year USD80,000.00 payable on or before 31.10.2013
- 5th Year USD90,000.00 payable on or before 31.10.2014

For year six and subsequent years, the annual license fees payable by Ideal Jacobs to IJUS is USD100,000.

1st payment of USD50,000 payable on or before 31.10.2010 was waived by IJUS via a letter dated 18 October 2010.

Clause 2.2 of this agreement provides that IJUS will automatically grant Ideal Jacobs a grace period of 6 calendar months or such longer period from the due date upon written request from Ideal Jacobs.

This agreement and the amounts payable under it are recurrent related party transactions (due to the position of Andrew Conrad Jacobs who is the substantial shareholder of IJUS and our Non-Independent Non-Executive Chairman) and is reflected as such in **Section 7.1.1**.

In this Agreement, no distinction is made between the territories in relation to IJX and IJT as they are part of the Group and the fulfillment of each order will be determined on a case by case basis.

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12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

Ideal Jacobs has on 12 November 2010 entered into a Supplemental Territorial Licensing and Technical Assistance Agreement (“Supplemental Agreement”) with IJUS. This Supplemental Agreement was entered into for the purpose of inserting a new clause 4A on “No Competition” into the Territorial Licensing and Technical Assistance Agreement:

“4A. NO COMPETITION

In addition to the warranties contained in Clause 4 above, IJUS hereby warrants and undertakes with Ideal Jacobs (Malaysia) Corporation Berhad (“IJM”) that it shall not enter into competition with IJM for as long as this Agreement remains in force and for a period of twelve (12) months after its termination and specifically IJUS warrants and undertakes as follows:

- (a) IJUS shall not set-up, incorporate, enter into partnership or joint venture with or acquire any interest either directly or indirectly in any company or business enterprise which is or may be involved in a similar business or in competition with IJM;
- (b) IJUS shall not use the Trade Mark and/or set-up, incorporate, enter into a partnership or have interest either directly or indirectly in any company using or having the name of “Ideal Jacobs” in any of the Territories or in the Existing European countries; and
- (c) IJUS shall not solicit any current or former customers of IJM with the intent of obtaining their custom.”

(d) Lease Agreement dated 1 October 2009 entered into between IJT and Tip Holdings Co. Ltd.

IJT has on 1 October 2009 entered into a lease agreement with Tip Holdings Co. Ltd. for the lease of the premises located at Unit N3, 888/113 Moo. 19, Soi Yingcharoen Project 2, Bangplee-Tamru Road, Bangpleeyai, Bangplee, Samutprakarn 10450 for use as the manufacturing facility and office for IJT. The salient terms of the lease agreement are as follows:

Duration:	36 months commencing from 1 November 2009 and expiring on 31 October 2012.
Rental	120,000 Baht per month payable within the 1 st day of each month with a grace period of 7 days for late payment without interest.
Security Deposit	360,000 Baht which shall be returned to IJT within 30 days after termination of the lease agreement.
Renewal:	IJT must give the landlord 30 days notice of its intention to renew the lease agreement prior to expiry of the rental period.

There are no special conditions or restrictions contained in the lease agreement.

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12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION**(e) Contract of Mortgage of Maximum Amount dated 10 February 2010 entered into between IJX, Legend Technology Group Limited and The Bank of East Asia China Limited Xiamen Branch**

IJX ("the Pledgor") had on 10 February 2010 entered into a contract ("Pledge Contract") with the Bank of East Asia (China) Limited Xiamen Branch ("the Pledgee") to pledge their fixed deposit ("Pledge") held with the Pledgee as security for the Foreign Currency Loan Contract ("Master Contract") entered into between Legend Technology Group Limited ("Debtor") and the Pledgee. The salient terms contained in the Pledge Contract are as follows:

- 1) The maximum amount of the claims secured by the Pledge is USD730,000 and shall mean the maximum sum of principal under the Master Contract.
- 2) Period of the Pledge is from 10 February 2010 to 10 February 2015.
- 3) The scope of the Pledge includes the principal and any interest due thereof chargeable under the Master Contract.
- 4) The Pledge is independent of the Master Contract and the invalidity of the Master Contract shall not invalidate the Pledge.
- 5) If the Pledge is required to be registered, the Pledgor shall go through the pledge registration formalities as required by the Pledgee and the Pledgee shall take possession of the original documents of the pledge registration.
- 6) Where the Pledge is a time deposit, in the event the term of the pledged time deposit certificate expires prior to the maturity of the debt, the Pledgor authorizes the Pledgee to transfer the proceeds from the encashment of the financing product into the Pledgor's account and the Pledgor shall further pledge this account to the Pledgee as security for the debt.
- 7) Pledgee is entitled to enforce and realize the Pledge in the following circumstances:
 - (i) the Debtor fails to satisfy the principal, interest and costs of the debt under the master contract;
 - (ii) the Pledgor defaults in its warranties and commitments or fails to perform its obligations under the Pledge Contract;
 - (iii) the Debtor or Pledgor is declared to be dissolved, bankrupt or cancelled according to law;
 - (iv) there is a possibility that the value of the pledged property will significantly reduce and the Pledgor fails to provide any acceptable security to the Pledgee.
 - (v) the Debtor is in breach of the Master Contract; or
 - (vi) any other circumstances allowed by law for exercising the right to realise the Pledge.
- 8) Upon default the Pledgor shall pay liquidated damages equivalent to 5% of the principal debt.
- 9) Pledge Contract is to be governed by and construed in accordance with the laws of the PRC.

12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

- 10) The Pledgee may transfer the rights under the Pledge Contract to any third party.
- 11) The Pledge contract shall come into force upon its execution by signatures or common seals of both parties being affixed.

The fixed deposit of IJX has been released from the Pledge as the Legend Loan has been fully repaid by IJUS on 30 September 2010.

(f) Deed of Assignment of Debt dated 1 October 2010 entered into between Ideal Jacobs, Legend Technology Group Limited and IJUS.

Ideal Jacobs had on 1 October 2010 entered into a Deed of Assignment of Debt (Deed of Assignment") in respect of a debt of USD687,326 ("the Debt") which was owed by Ideal Jacobs to Legend Technology Group Limited ("Legend") whereupon the Debt was assigned by Legend to IJUS. The salient terms of the Deed of Assignment are as follows:-

- 1) Legend as the assignor assigned the Debt and all interest due and owing payable to IJUS;
- 2) Assignee is forthwith entitled to all the benefits, rights, title and interest imposed under or in the Debt as fully and effectively as if the Assignee had been the party to the Debt owed by Ideal Jacobs in place of Legend;
- 3) Legend agrees and confirms that it shall have no rights, title, interests or anything whatsoever in and to the Debt and any part of it and shall make no claim whatsoever in respect thereof and expressly acknowledges that from the date of the Deed of Assignment the Assignee entitled to the legal and equitable title and interest in and to the Debt.
- 4) Ideal Jacobs acknowledges and agrees to the assignment of the Debt from Legend to the Assignee and shall make all necessary arrangements for the settlement of the Debt to the Assignee as and when demanded by the Assignee.
- 5) The Deed of Assignment shall be binding on the personal representatives, successors-in-title and assigns of the parties.
- 6) The Assignee shall bear all costs of and incidental to the preparation and completion of the Deed of Assignment including legal fees and stamp duty.

(g) Service Contract of Industrial Waste Disposal dated 12 November 2010 entered into between IJX and Xiamen Oasis

IJX has entered into a service contract of industrial waste disposal dated 12 November 2010 with Xiamen Oasis and authorized Xiamen Oasis to dispose the industrial waste, for a term of 2 years commencing on 1 December 2010 and expiring on 31 December 2012.

The minimum monthly charges for the disposal of industrial waste is 800 yuan for 300 kg and the cost of transporting the industrial waste is calculated based on 150 yuan per truckload. In the event the quantity of industrial waste exceeds 300kg collectively, the disposal cost for the additional industrial waste will be charged at 2.5 yuan per kg.

12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

- (h) **Lease Contract entered into between IJX and SIP Factory Building Industrial Co., Ltd. dated 13 January 2011 in respect of a factory and premises located in Suzhou, PRC.**

IJX has on 13 January 2011 entered into a lease contract with SIP Factory Building Industrial Co Ltd for the lease of the premises known as North Side of Unit 18 (office area) located at Gangtian Industrial Square, No. 99 Gangtian Road, Suzhou for use as a factory and office for IJX. The salient terms of the lease agreement are as follows:

Duration: 2 years and 2 months commencing on 15 February 2011 and expiring on 14 April 2013.

Security Deposit RMB66,000 comprising 3 months' Rent and Property Management Services.

The rental and service fee payable for the lease is as follows:-

Lease Period	Rental Rate (RMB per square meter per month)	Services Fee (RMB per square meter per month)	Total (RMB per square meter per month)
15 February to 14 April 2011	0	5.7	5.7
15 April 2011 to 14 April 2012	13.3	5.7	19
15 April 2012 to 14 April 2013	14	6	20

There are no special conditions or restrictions contained in the lease agreement.

- (i) **Sale and Purchase Agreement dated 17 February 2011 entered into between IJX and Xiamen XinJingDi Group Co., Ltd.**

IJX has entered into a sale and purchase agreement dated 17 February 2011 with Xiamen XinJingDi Group Co., Ltd. for the purchase of Unit C2801, 24th Floor, Building 3, Plot 3, XinJing Center from Xiamen XinJingDi Group Co., Ltd., measuring 100.13 square meters, for a purchase consideration of RMB 2,007,106.00 yuan. The purchase consideration has been fully paid by IJX on 17 February 2011. The property shall be transferred from Xiamen XinJingDi Group Co., Ltd to IJX by 30 June 2011. The completion of the agreement is currently pending the transfer of property from Xiamen XinJingDi Group Co., Ltd to IJX and the realty registration of the said property.

- (j) **Underwriting Agreement dated 3 March 2011 entered into between the Company and MIDF Investment**

The Company has entered into an underwriting agreement dated 3 March 2011 with MIDF Investment for MIDF Investment to underwrite up to 2,000,000 Public Issue Shares under the Public Issue.

Please refer to **Section 2.12** for the salient terms of the underwriting agreement.

12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

(k) Construction Project Contract dated 2 April 2011 entered into between IJX and Suzhou Tri Falcon Decoration Engineering Co., Ltd.

IJX has entered into a construction project contract dated 2 April 2011 with Suzhou Tri Falcon Decoration Engineering Co., Ltd., for the commencement of a construction project at No.99 Gangtian Road, Suzhou Industrial Park, for an amount of RMB 407,588.00. The construction project shall commence on 2 April 2011 and it shall be completed by 2 May 2011. The completion of the agreement is currently pending the completion of the construction project.

12.5 MATERIAL LITIGATION OR ARBITRATION

As at LPD, we are not presently involved in any material litigation and arbitration, whether as plaintiff or defendant or as a third party, which has a material effect on our position or business, and we are not aware of any proceedings, pending or threatened, or of any fact likely to give rise to any proceedings which might materially affect our position or business.

12.6 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFITS

The laws of the PRC and of Thailand relating to the repatriation of capital and remittance of profits to and from Malaysia are detailed in the reports set out in **Sections 10.2** and **10.3**. The following is a summary of the respective reports.

To or from the PRC

Repatriation of capital involving IJX, a WFOE, (which will decrease its capital) requires the approval of the Ministry of Commerce of the PRC or its local counterpart, the issuance of a public announcement and notice to the creditors of the capital reduction and registration of the capital reduction with the State Administration of Industry and Commerce in the PRC. The repatriation of capital so reduced also requires the approval of the State Administration of Foreign Exchange.

Article 19 of Law of the PRC on Foreign-funded Enterprises states that the foreign investor may remit abroad lawful profits earned from a WFOE, other lawful income and funds obtained after liquidation of the enterprise. Wages and other lawful income of foreign staff and workers of a WFOE may be remitted abroad after payment of individual income tax in accordance with the law.

Article 58 of Rules for the Implementation of the Law of the PRC on Foreign-funded Enterprises states that from the profit remaining after payment of income tax in accordance with PRC tax law provisions, a WFOE shall allocate money for a reserve fund and employee bonus and welfare funds. The monies as the reserve fund shall be no less than 10% of the amount of the profit after-tax. If the accumulated total of allocated funds reaches 50% of a WFOE's registered capital the WFOE shall not be required to make any further allocation. The allocation ratio for the employee bonus and welfare funds may be determined by the WFOE itself.

A WFOE shall be prohibited from distributing dividends unless the losses of previous years have been made up. Dividends not distributed in previous years may be distributed together with those of the current year. The profits from a WFOE may be remitted abroad after payment of tax, loss of previous years (if any) and the reserve fund in accordance with PRC laws and regulations. Moreover, remittance of profits by a WFOE needs to be verified by a bank licensed to conduct foreign exchange business.

12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION**To or from Thailand**

Thailand does not place any restriction on repatriation of capital investments, loan funds, profits, interest, and dividends out of Thailand. However, tax is generally withheld on remittances of profits, interest, and dividends.

The withholding of taxes on remittances of profits, interests and dividends fall under Section 70 of the Thai Revenue Code ("TRC") which states that "*A juristic company or partnership organized under a foreign law and not carrying on business in Thailand which as derived assessable income....which is paid either from or in Thailand shall pay tax*"

Repatriation of profits to the head office, or keeping of profits abroad where the head office has directly received a payment for goods sold or services rendered in Thailand, is subject to further income tax at the rate of 10 per cent of the after tax profit actually or deemed to be remitted. Repatriation of assessable income such as profits, interests, and dividends from Thailand to foreign companies not doing business in Thailand (non-resident companies) is subject to withholding tax as shown below:

Dividends	Tax rate 10%
Royalty, interest, rent, service fees, capital gains	Tax rate 10%

12.7 GENERAL INFORMATION

During the last financial year and the current financial year to date, there were no:

- (a) public take-over offers by third parties in respect of our Company's shares; and
- (b) public take-over offers by our Company in respect of other companies' shares.

12.8 CONSENTS

The written consent of the Adviser, Sponsor, Sole Underwriter and Sole Placement Agent, Company Secretaries, Due Diligence Solicitors on Ideal Jacobs and adviser for the Public Issue, Principal Bankers, Registrars and Issuing House to the inclusion in this prospectus of their names in the form and context in which such names appear have been given before the issue of this prospectus and have not been subsequently withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion in this prospectus of their name, the Accountants' Report and the letter relating to the Proforma Consolidated Financial Information in the form and context in which they appear in this prospectus has been given before the issue of this prospectus and has not been subsequently withdrawn.

The written consent of the Independent Business and Market Research Consultants to the inclusion in this prospectus of their name and the Independent Market Research Report in the form and context in which they appear in this prospectus, has been given before the issuance of this prospectus and has not been subsequently withdrawn.

The written consent of Due Diligence Solicitors on IJX and the legal adviser on the laws of the PRC to the inclusion in this prospectus of their name and their respective legal opinion in the form and context in which they appear in this prospectus, has been given before the issuance of this prospectus and has not been subsequently withdrawn.

12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

The written consent of Due Diligence Solicitors on IJT and the legal adviser on the laws of Thailand to the inclusion in this prospectus of their name and their respective legal opinion in the form and context in which they appear in this prospectus, has been given before the issuance of this prospectus and has not been subsequently withdrawn.

The written consent of the Risk Management and Internal Control Consultants to the inclusion in this prospectus of their name in the form and context in which they appear in this prospectus has been given before the issuance of this prospectus and has not been subsequently withdrawn.

12.9 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of our Company during normal business hours for a period of 12 months from the date of this prospectus:

- (a) the Memorandum and Articles of Association of our Company;
- (b) the Directors' Report referred to in **Section 11**;
- (c) the Accountants' Report as included in **Section 9**;
- (d) the Reporting Accountants' letters relating to the Proforma Consolidated Financial Information as set out in **Section 8.7**;
- (e) the audited financial statements of IJX for the past 3 years for FYE 31 December 2007 to 2009 and FPE 31 October 2010;
- (f) the audited financial statements of Ideal Jacobs and IJT for the FPE 31 December 2009 and FPE 31 October 2010;
- (g) the Independent Market Research report prepared by Vital Factor Consulting Sdn. Bhd. as set out in **Section 10.1**;
- (h) the legal opinion provided by Fidelity Law Firm attached in **Section 10.2**;
- (i) the legal opinion provided by SBC International Law Associates Company Limited. attached in **Section 10.3**;
- (j) the material contracts referred to in **Section 12.4**; and
- (k) the letters of consent referred to in **Section 12.8**.

12.10 RESPONSIBILITY STATEMENTS

This prospectus has been seen and approved by our Directors and Promoters and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, 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.

MIDF Investment acknowledges that, based on all available information and to the best of its knowledge and belief, this prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue.

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

13.1 OPENING AND CLOSING OF APPLICATIONS

Applications will be accepted from 10.00 a.m. on 29 April 2011 to 5.00 p.m. on 6 May 2011 or for such further period or periods as the Directors and Promoters of our Company in their absolute discretion may mutually decide. In the event that the closing date of the Public Issue is extended, the dates for the balloting, allotment of the Public Issue Shares and the Listing will be extended accordingly. Any extension of the abovementioned dates will be announced by way of advertisements in both widely circulated daily Bahasa Malaysia and English newspapers. Late applications will not be accepted.

13.2 METHODS OF APPLICATION

Application Forms, Electronic Share Application and Internet Share Application will be accepted as methods of Application.

13.3 PROCEDURES FOR APPLICATIONS

THE FOLLOWING RELEVANT APPLICATION FORMS ISSUED WITH THE NOTES AND INSTRUCTIONS PRINTED THEREIN ARE ENCLOSED WITH THIS PROSPECTUS AND ARE DEEMED TO FORM PART THEREOF:-

White Application Forms for the application of Malaysian public.

You can obtain **White** Application Forms together with copies of this prospectus, subject to availability, from MIDF Investment, participating organizations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or MIDFCCS.

13.4 GENERAL CONDITIONS FOR APPLICATIONS

Applications shall be made in connection with and subject to the terms of this prospectus and the Memorandum and Articles of Association of our Company.

(a) Application by Malaysian Public for Allocations via Balloting

Applications for the 2,000,000 Shares made available for applications by the Malaysian public must be made on the White Application Forms provided or by way of Electronic Share Application through a Participating Financial Institution's ATM or Internet Share Application through the Internet financial services website of the Internet Participating Financial Institutions. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

(b) Application by Placees under Private Placement

Selected investors being allocated the 28,000,000 Shares under this method will be contacted directly by the Placement Agent and are to follow the instructions as communicated by the Placement Agent.

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

Directors and employees of MIDFCCS and their immediate families are strictly prohibited from applying for the Public Issue Shares.

Only 1 Application Form from each applicant will be considered and applications must be for 100 ordinary shares or multiples thereof. Multiple applications will not be

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

accepted. A person who submit multiple applications in his own name (in the same category) or by using the name of others, with or without their consent, commits 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 10 years under Section 182 of the CMSA.

Persons submitting applications by way of Application Forms or Electronic Share Applications or Internet Share Applications must have a CDS account.

The amount payable in full upon application is 27 sen per Share. Persons submitting applications by way of Applications Forms may not submit applications by way of Electronic Share Applications or Internet Share Applications and vice versa. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

IN THE CASE OF AN INDIVIDUAL APPLICANT OTHER THAN A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND NATIONAL REGISTRATION IDENTITY CARD (NRIC) NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS STATED IN:-

- (a) (i) THE APPLICANT'S NRIC;
 - (ii) ANY VALID TEMPORARY IDENTITY DOCUMENT AS ISSUED BY THE NATIONAL REGISTRATION DEPARTMENT FROM TIME TO TIME; OR
 - (iii) THE APPLICANT'S RESIT PENGENALAN SEMENTARA (KPPK 09) ISSUED PURSUANT TO PERATURAN 5(5), PERATURAN-PERATURAN PENDAFTARAN NEGARA 1990; AND
- (b) THE RECORDS OF BURSA DEPOSITORY.

WHERE THE APPLICANT IS A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND THE ARMED FORCES OR POLICE PERSONNEL NUMBER, AS THE CASE MAY BE, OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN HIS/HER AUTHORITY CARD.

IN THE CASE OF A CORPORATE/INSTITUTIONAL APPLICANT, THE NAME AND THE CERTIFICATE OF INCORPORATION NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN THE APPLICANT'S CERTIFICATE OF INCORPORATION.

No acknowledgement of the receipt of the Application Form or Application monies will be made by our Company and/or MIDFCCS.

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13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

13.5 APPLICATIONS USING APPLICATION FORMS**13.5.1 Terms and conditions for Applications using the White Application Forms**

Applications by way of White Application Forms shall be made on, and subject to, the terms and conditions set out below:-

- (a) Applicant who is an individual must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address (White Application Forms only).
- (b) Applicants which are corporations/institutions incorporated in Malaysia must have a CDS account and be subject to the following:-
 - (i) If the corporation/institution has a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
 - (ii) There is majority of Malaysian citizens on the board of directors/trustee.
- (c) Applicant which is a superannuation, provident or pension fund must be established or operating in Malaysia and has a CDS account.
- (d) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in **Section 13.5.1 (b) and (c)** above or the trustees thereof.
- (e) Application for the 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 is accompanied by this prospectus. 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 will not be accepted.
- (f) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCE IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE BY EITHER:
 - BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
 - MONEY ORDER OR POSTAL ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR
 - GUARANTEED GIRO ORDER (GGO) FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
 - ATM STATEMENT OBTAINED ONLY FROM:
 - 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

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- RHB BANK BERHAD;

AND MUST BE MADE OUT IN FAVOUR OF "MIDF SHARE ISSUE ACCOUNT NO. 640" AND CROSSED "A/C PAYEE ONLY" (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT.

APPLICATIONS ACCOMPANIED BY MODE OF PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES OR INAPPROPRIATE BANKER'S DRAFTS/CASHIER'S ORDERS/ MONEY ORDERS OR POSTAL ORDER/ATM STATEMENT/GGO WILL NOT BE ACCEPTED. DETAILS OF REMITTANCES MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

- (g) AN APPLICANT **MUST** STATE HIS CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM AND HE SHALL BE DEEMED TO HAVE AUTHORISED BURSA DEPOSITORY TO DISCLOSE INFORMATION PERTAINING TO THE CDS ACCOUNT TO MIDFCCS/COMPANY.
- (h) THE NAME AND ADDRESS OF THE APPLICANT MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, ATM STATEMENT, MONEY ORDER OR POSTAL ORDER OR GGO FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD.
- (i) The Board reserves the right to require any successful applicant to appear in person at the registered office of MIDFCCS within 14 days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. The Board 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 the successful applicant for the purpose of complying with this provision.
- (j) MIDFCCS on the authority of the Board reserves the right to reject Applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (k) MIDFCCS on the authority of the Board reserves the right not to accept any Application or accept any Application in part only without assigning any reason therefore. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.
- (l) Where an Application is not accepted or accepted in part only, the full amount or the balance of the Application monies, as the case may be, without interest, will be returned and dispatched to the applicant within 10 Market Days from the date of the final ballot of the Applications lists by ordinary post at the applicant's address last maintained with Bursa Depository or where the application is not accepted due to the applicant not having provided a CDS account, to the address per the National Registration Identity Card or "Resit Pengenalan Sementara (KPPK 09)" or any valid temporary identity document as issued by the National Registration Department from time to time.
- (m) The applicant shall ensure that his/her personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. The applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to his/her registered or correspondence address last maintained with Bursa Depository.

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (n) MIDFCCS on the authority of the Board reserves the right to bank in all Application monies from unsuccessful applicants and partially successful applicants, which would subsequently be refunded without interest by registered post.
- (o) Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents must be dispatched by **ORDINARY POST** in the official envelopes provided, to the following address:-

MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H)
 Level 8, Menara MIDF
 82, Jalan Raja Chulan
 50200 Kuala Lumpur
 Telephone No. : (03) 2173 8888
 Facsimile No. : (03) 2173 8677

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the Ground Floor of Menara MIDF, 82 Jalan Raja Chulan, 50200 Kuala Lumpur, so as to arrive not later than 5.00 p.m. on 6 May 2011 or for such further period or periods as the Board, Promoters of our Company in their absolute discretion may mutually decide.

- (p) Directors and employees of MIDFCCS and their immediate families are strictly prohibited from applying for the Shares.
- (q) PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO MIDFCCS.

13.6 APPLICATIONS USING ELECTRONIC SHARE APPLICATION

- (a) **Steps for Electronic Share Application through a Participating Financial Institution's ATM**
- (i) Applicant must have an account with a Participating Financial Institution (as detailed in Section 13.6(b)(xvi) below) and an ATM card issued by that Participating Financial Institution to access the account.
- (ii) Applicant must have a CDS account.
- (iii) Applicant is to apply for the Shares, via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in Section 13.6(b) below under the Terms and Conditions for Electronic Share Application. Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so:
- Personal Identification Number (PIN);
 - MIDF Share Issue Account No. 640;
 - CDS Account Number;
 - Number of Shares, applied for and/or the Ringgit Malaysia amount to be debited from the account; and
 - Confirmation of several mandatory statements.

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

(b) Terms and conditions for Electronic Share Application

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the "Steps"). For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATM" in Section 13.6(i) above. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this prospectus, the Steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

Only an applicant who is an individual with a CDS Account is eligible to utilise the facility.

The applicant must have an existing bank account with, and be an ATM cardholder of, one of the Participating Financial Institutions before he can make an Electronic Share Application at an ATM of that Participating Financial Institutions. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for shares at an ATM belonging to other Participating Financial Institutions. Upon completion of his Electronic Share Application transaction, the applicant will receive a computer-generated transaction slip (Transaction Record), confirming the details of his Electronic Share Application. The Transaction Record is only a record of the completed 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 our Company or MIDFCCS. The Transaction Record is for retention by the applicant and should not be submitted with any Application Form.

Upon the closing of the offer for the Application for the Shares, on 6 May 2011, 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 Shares to MIDFCCS as soon as practicable but not later than 12.00 p.m. of the 2nd business day after the Closing Date and Time.

An applicant will be allowed to make an Electronic Share Application for shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he has an account and its branches, subject to the applicant making only one Application. An applicant who has a bank account with a Participating Financial Institution and has been issued an ATM card 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 the applicant making only one Application.

AN APPLICANT MUST ENSURE THAT HE USES HIS OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. AN APPLICANT OPERATING A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION MUST ENSURE THAT HE ENTERS HIS OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM IN HIS OWN NAME. HIS APPLICATION WILL BE REJECTED IF HE FAILS TO COMPLY WITH THE FOREGOING.

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

- (i) The Electronic Share Application shall be made in connection with and subject to the terms of this prospectus and the Memorandum and Articles of Association of our Company.

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (ii) The applicant is required to confirm the following statement (by depressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:
- The applicant has attained 18 years of age as at the Closing Date of the application for the Public Issue Shares;
 - The applicant is a Malaysian citizen residing in Malaysia;
 - The applicant has read the relevant prospectus and understood and agreed with the terms and conditions of this Application;
 - This is the only Application that the applicant is submitting; and
 - The applicant hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to himself and his account with the Participating Financial Institution and Bursa Depository to MIDFCCS and other relevant authorities.

The Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless the applicant completes all the steps required by the Participating Financial Institution. By doing so, the applicant shall be treated as signifying his 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 the applicant's particulars to MIDFCCS, or any relevant regulatory bodies.

- (iii) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR SHARES AS NOMINEE OF ANY OTHER PERSONS AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR THE SHARES WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS OR VIA INTERNET SHARE APPLICATION.
- (iv) The applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Share Application, failing which his Electronic Share Application will not be completed. 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 being made will be rejected.
- (v) The applicant agrees and undertakes to subscribe for or purchase and to accept the number of Shares applied for as stated on the Transaction Record or any lesser number of Shares that may be allotted or allocated to him in respect of his Electronic Share Application. In the event that our Company decides to allot or allocate any lesser number of Shares or not to allot or allocate any Shares to the applicant, the applicant agrees to accept any such decision as final. If the applicant's Electronic Share Application is successful, his confirmation (by his action of pressing the designated key or button on the ATM) of the number of Shares applied for shall signify, and shall be treated as, his acceptance of the number of Shares that may be allotted or allocated to him and to be bound by the Memorandum and Articles of Association of our Company.
- (vi) MIDFCCS on the authority of our Directors reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefore. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (vii) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful Applications. Where the Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the Application monies without interest into the applicant's account with that Participating Financial Institution within 2 Market Days after the receipt of confirmation from MIDFCCS. MIDFCCS shall inform the Participating Financial Institutions of the non-successful or partially successful Applications within 2 Market Days after the balloting date. The applicants may check their accounts on the fifth Market Day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into the applicant's account with the Participating Financial Institution within 2 Market Days after the receipt of confirmation from MIDFCCS. A number of Applications will, however, be held in reserve to replace any successfully balloted Applications which are subsequently rejected. For such Applications which are subsequently rejected, the Application monies without interest will be refunded to applicants by MIDFCCS by way of cheques issued by MIDFCCS. The cheques will be issued to the applicants not later than 10 Market Days from the day of the final ballot of the Application list. Should applicants encounter any problems in their Applications, they may refer to the Participating Financial Institutions.

- (viii) The applicant requests and authorises our Company:-
- (aa) to credit the Shares allotted or allocated to the applicant into the CDS account of the applicant; and
 - (bb) to issue share certificate(s) representing such Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn. Bhd. and send the same to Bursa Depository.
- (ix) The applicant, acknowledging that his Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, MIDFCCS or the Participating Financial Institution, irrevocably agrees that if:-
- (aa) our Company or MIDFCCS does not receive the applicant's Electronic Share Application; or
 - (bb) data relating to the applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or MIDFCCS,

The applicant shall be deemed not to have made an Electronic Share Application and the applicant shall not claim whatsoever against our Company, MIDFCCS or the Participating Financial Institutions for the shares applied for or for any compensation, loss or damage.

- (x) All particulars of the applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Share Application shall be deemed to be true and correct and our Company, MIDFCCS and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (xi) The applicant shall ensure that his personal particulars as recorded by both Bursa Depository and relevant Participating Financial Institution are correct and identical. Otherwise, his Electronic Share Application is liable to be rejected. The applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to his registered or correspondence address last maintained with Bursa Depository.
- (xii) By making and completing an Electronic Share Application, the applicant agrees that:
 - (aa) in consideration of our Company agreeing to allow and accept the making of any Application for shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, his Electronic Share Application is irrevocable;
 - (bb) our Company, the Participating Financial Institutions, Bursa Depository and MIDFCCS shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Share Application to our Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (cc) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of the offer made by the applicant to subscribe for and purchase Shares for which the applicant's 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 said shares;
 - (dd) the applicant irrevocably authorises Bursa Depository to complete and sign on his behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Shares allotted or allocated to the applicant; and
- (xiii) Our Company agrees that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the Electronic Share Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (xiv) The Board reserves the right to require any successful applicant to appear in person at the registered office of MIDFCCS within 14 days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. The Board 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 the successful applicant for the purpose of complying with this provision.
- (xv) MIDFCCS on the authority of the Board reserves the right to reject applications which do not conform to these instructions.

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

- AFFIN BANK BERHAD; OR
- AMBANK (M) BERHAD; OR
- BANK MUAMALAT MALAYSIA BERHAD; OR
- CIMB BANK BERHAD; OR
- EON BANK BERHAD; OR
- HSBC BANK MALAYSIA BERHAD; OR
- MALAYAN BANKING BERHAD; OR
- OCBC BANK (MALAYSIA) BERHAD; OR
- RHB BANK BERHAD; OR
- STANDARD CHARTERED BANK MALAYSIA BERHAD (at selected branches only)

(xvii) Except for Affin Bank Berhad, a surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

13.7 APPLICATIONS USING INTERNET SHARE APPLICATION

(a) Steps for Internet Share Application

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

For illustration purposes only, the steps for an application for the Public Issue Shares via Internet Share Application may be as set out below. The steps set out the actions that the applicant must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

THE APPLICANT MUST HAVE A CDS ACCOUNT BEFORE HE CAN MAKE ANY APPLICATION FOR THE PUBLIC ISSUE SHARES. PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE 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 the applicant has an account.
- (ii) Login to the Internet financial services facility by entering the applicant's 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 Public 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 Public 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, the applicant also undertakes that the following information given are true and correct:-
 - (aa) The applicant has attained 18 years of age as at the Closing Date of the application for the Public Issue Shares;

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (bb) The applicant is a Malaysian citizen residing in Malaysia;
- (cc) The applicant has, prior to making the Internet Share Application, received and/or has had access to a printed/electronic copy of this prospectus, the contents of which the applicant has read and understood;
- (dd) The applicant agrees to all the terms and conditions of the Internet Share Application as set out in this prospectus and has 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 Public Issue shares;
- (ee) The Internet Share Application is the only application that the applicant is submitting for the Public Issue Shares;
- (ff) The applicant authorises the Authorised Financial Institution to deduct the full amount payable for the Public Issue Shares from the applicant's account with the Authorised Financial Institution;
- (gg) The applicant gives 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 the applicant, the Internet Share Application made by the applicant or the applicant's account with the Internet Participating Financial Institution, to MIDFCCS and the Authorised Financial Institution, the SC and any other relevant authority;
- (hh) The applicant is not applying for the Public Issue Shares as a nominee of any other person and the application is made in the applicant's own name, as beneficial owner and subject to the risks referred to in this prospectus;
- (ii) The applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the Public Issue, all information relating to the applicant 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 Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Applications services;
- (jj) Upon submission of the online application form, the applicant will be linked to the website of the Authorised Financial Institution to effect the online payment of the application money for the Public Issue.
- (kk) 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 of the application money is being made.

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (ll) 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.
- (mm) The applicant is advised to print out the Confirmation Screen for reference and retention.

(b) Terms and conditions for Internet Share Application

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

APPLICANTS ARE ADVISED NOT TO APPLY FOR THE PUBLIC ISSUE SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Participating Financial Institution

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

- CIMB Investment Bank Berhad at www.eipocimb.com; or
- CIMB Bank Berhad at www.cimbclicks.com.my; or
- Malayan Banking Berhad at www.maybank2u.com.my; or
- RHB Bank Berhad at www.rhbbank.com.my; or
- Affin Bank Berhad at www.affinOnline.com; or
- Public Bank Berhad at www.pbebank.com.

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN AND THE STEPS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

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

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

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

- (a) An applicant making an Internet Share Application shall:-
- (i) be an individual with a CDS Account;
 - (ii) have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. Applicant must have ready their user identification (User ID) and Personal Identification Numbers (PIN)/password for the relevant Internet financial services facilities; and
 - (iii) be a Malaysian citizen and have a mailing address in Malaysia.

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Applicants 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 Public Issue Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- (b) An Internet Share Application shall be made on and shall be subject to the terms of this prospectus and our Company's Memorandum and Articles of Association.
- (c) The applicant is 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 are true and correct:-
 - (i) The applicant has attained 18 years of age as at the date of the application for the Public Issue Shares;
 - (ii) The applicant is a Malaysian citizen residing in Malaysia;
 - (iii) The applicant has, prior to making the Internet Share Application, received and/or has had access to a printed/electronic copy of this prospectus, the contents of which the applicant has read and understood;
 - (iv) The applicant agrees to all the terms and conditions of the Internet Share Application as set out in this prospectus and has 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 Public Issue;
 - (v) The Internet Share Application is the only application that the applicant is submitting for the Public Issue Shares;
 - (vi) The applicant authorises the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the Public Issue Shares from the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - (vii) The applicant gives 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 the applicant, the Internet Share applicant made by the applicant or the applicant's account with the Internet Participating Financial Institution, to MIDFCCS and the Authorised Financial Institution, the SC and any other relevant authority;
 - (viii) The applicant is not applying for the Public Issue Shares as a nominee of any other person and the application is made in the applicant's own name, as beneficial owner and subject to the risks referred to in this prospectus; and

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- (ix) The applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the Public Issue, all information relating to the applicant 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 Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (d) The application will not be successfully completed and cannot be recorded as a completed application unless the applicant has 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 of the applicant's Internet Share Application, including the number of Public Issue Shares applied for which can be printed out by the applicant for his records.

Upon the display of the Confirmation Screen, the applicant shall be deemed to have confirmed the truth of the statements set out in Section 13.7(b)(c) herein.

- (e) The applicant must have sufficient funds in the applicant's 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 Public 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.
- (f) The applicant irrevocably agrees and undertakes to subscribe for and to accept the number of Public Issue Shares applied for as stated on the Confirmation Screen or any lesser number of Public Issue Shares that may be allotted to the applicant in respect of the Internet Share Application. In the event that our Company decides to allot any lesser number of such Public Issue Shares or not to allot any Public Issue Shares to the applicant, the applicant agrees to accept any such decision of our Company as final.

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13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, the confirmation by the applicant of the number of Public Issue Shares applied for (by way of the applicant's action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:-

- (i) acceptance by the applicant of the number of Public Issue Shares that may be allotted or allocated to the applicant in the event that the applicant's Internet Share Application is successful or successful in part, as the case may be; and
 - (ii) The applicant's agreement to be bound by the Memorandum and Articles of Association of our Company.
- (g) The applicant is fully aware that multiple or suspected multiple Internet Share Applications for the Public Issue Shares of our Company will be rejected. Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Public Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.
- (h) Where an Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. Where an Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution within 2 Market Days after receipt of written confirmation from MIDFCCS.

MIDFCCS shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within 2 Market Days from the balloting date.

Where the Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of the application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution within 2 Market Days after receipt of written confirmation from MIDFCCS. A number of applications will however be held in reserve to replace any successfully balloted applications that are subsequently rejected. In respect of such applications that are subsequently rejected, the application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to applicants by MIDFCCS by way of cheques issued by MIDFCCS. The cheques will be issued to the applicants within 10 Market Days from the day of the final ballot of the Applications list.

For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application money (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within 10 Market Days from the day of the final ballot of the Applications list.

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Except where MIDFCCS is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, applicants are strongly advised to consult the Internet Participating Financial Institution through which the application was made in respect of the mode or procedure of enquiring on the status of an applicant's Internet Share Application in order to determine the status or exact number of Public Issue Shares allotted, if any, before trading the Public Issue Shares on Bursa Securities.

- (i) Internet Share Applications will be closed at 5.00 p.m. on 6 May 2011 or for such further period or periods as the Directors and Promoters in their absolute discretion may 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. The applicants are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (j) The applicant irrevocably agrees and acknowledges that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution and our Company. If, in any such event, our Company, MIDFCCS and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive the applicant's Internet Share Application and/or the payment therefore, 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, the applicant shall be deemed not to have made an Internet Share Application and the applicant shall have no claim whatsoever against our Company, MIDFCCS or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the Public Issue Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.
- (k) All particulars of the applicant in the records of the relevant Internet Participating Financial Institution at the time of the Internet Share Application shall be deemed to be true and correct, and our Company, the Internet Participating Financial Institutions, MIDFCCS and all other persons who, are entitled or allowed under the law to such information or where the applicant expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

The applicant shall ensure that the personal particulars of the applicant as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical, otherwise the applicant's Internet Share Application is liable to be rejected. The notification letter on successful allotment will be sent to the applicant's address last registered with Bursa Depository. It is the responsibility of the applicant to notify the Internet Participating Financial Institution and Bursa Depository of any changes in the applicant's personal particulars that may occur from time to time.

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- (l) By making and completing an Internet Share Application, the applicant is deemed to have agreed that:-
- (i) In consideration of our Company making available the Internet Share Application facility to the applicant, through the Internet Participating Financial Institution acting as agents of our Company, the Internet Share Application is irrevocable;
 - (ii) The applicant has irrevocably requested and authorised our Company to register the Public Issue Shares allotted to the applicant for deposit into the applicant's CDS Account;
 - (iii) Neither our Company 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 MIDFCCS or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 3 herein or to any cause beyond their control;
 - (iv) The applicant 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 the applicant's Internet Share Application by MIDFCCS, our Company and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution;
 - (v) The acceptance of the offer made by the applicant to subscribe for the Public Issue Shares for which the applicant's 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 or on behalf of our Company and not otherwise, notwithstanding the receipt of any payment by or on behalf of our Company;
 - (vi) The applicant is not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of the applicant's Internet Share Application by our Company;
 - (vii) In making the Internet Share Application, the applicant has relied solely on the information contained in this prospectus. Our Company, our Sponsor, our Adviser and any other person involved in the Public Issue shall not be liable for any information not contained in this prospectus which may have been relied on by the applicant in making the Internet Share Application;
 - (viii) The acceptance of an applicant's Internet Share Application by our Company and the contract resulting therefrom under the Public Issue 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.
- (m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- (i) CIMB Investment Bank Berhad - RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (ii) CIMB Bank Berhad - RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
- (iii) Malayan Banking Berhad - RM1.00;
- (iv) RHB Bank Berhad - RM2.50; and
- (v) Public Bank Berhad - RM2.00.

No fee will be charged by Affin Bank Berhad for applications by their account holders.

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13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

13.8 APPLICATIONS AND ACCEPTANCES

MIDFCCS on the authority of the Board reserves the right not to accept any Application which does not strictly comply with the instructions or to accept any Application in part only without assigning any reason therefore.

The submission of an Application Form, or the completion of the applicant's Electronic Share Application or Internet Share Application, does not necessarily mean that the Application will be successful.

ALL APPLICATIONS MUST BE FOR 100 ORDINARY SHARES OR MULTIPLES THEREOF.

In the event of an over-subscription, acceptance of Applications by Malaysian public shall be subject to ballot to be conducted in the manner approved by the Directors of our Company and on a fair and equitable basis. Due consideration will be given to the desirability of distributing the Shares, to a reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in the shares of our Company. Pursuant to the listing requirements of Bursa Securities, at least 25% of the enlarged issued and paid-up share capital of our Company must be held by a minimum number of 200 public shareholders holding not less than 100 shares each upon completion of the Public Issue and at the point of Listing. In the event that the above requirement is not met pursuant to the Public Issue, our Company may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all Applications will be returned without interest if the said permission for listing and quotation is not granted. Applicants will be selected in a manner to be determined by the Directors of our Company.

Directors and employees of MIDFCCS and their immediate families are strictly prohibited from applying for the Shares.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED BY ORDINARY POST OR REGISTERED POST RESPECTIVELY TO THE APPLICANT WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS AT THE ADDRESS REGISTERED WITH THE BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCES HAVING BEEN PRESENTED FOR PAYMENT.

MIDFCCS RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND FROM PARTIALLY SUCCESSFUL APPLICANTS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL BUMIPUTERA APPLICANTS WHOSE MONIES HAVE BEEN BANKED-IN AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION BY REGISTERED POST AT THE ADDRESS REGISTERED WITH THE BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

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13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

13.9 CDS ACCOUNTS

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the securities of our Company as Prescribed Securities. In consequence thereof, the Share issued through this prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with aforesaid Act and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in Shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

Only an applicant who has a CDS account can make an Application by way of an Application Form. An applicant should state his CDS account number in the space provided on the Application Form and he/she shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to MIDFCCS/our Company. Where an applicant does not presently have a CDS account, he/she should open a CDS account at an ADA prior to making an Application for the Shares.

In the case of an Application by way of Electronic Share Application, only an applicant who has a CDS Account can make an Electronic Share Application. The applicant shall furnish his CDS account number to the Participating Financial Institution by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application require him to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS Account can make an Internet Share Application. In certain cases, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, the applicant's CDS account number would automatically appear in the e-Public Issue online application form.

Failure to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, may result in the Application being rejected. If a successful applicant fails to state his/her CDS account number, MIDFCCS on the authority of our Company will reject the Application. MIDFCCS on the authority of the Directors of our Company also reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

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13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

13.10 NOTICE OF ALLOTMENT

The Shares allotted to all successful or partially successful applicants will be credited to their respective CDS accounts. A notice of allotment will be dispatched to the successful or partially successful applicant at his address last maintained with Bursa Depository at the applicant's own risk prior to the Listing of our Company. For Electronic Share Application or Internet Share Application, the notice of allotment will be dispatched to the successful or partially successful applicant at his address last maintained with Bursa Depository at the applicant's own risk prior to the Listing of our Company. This is the only acknowledgement of acceptance of the Application.

All applicants must inform Bursa Depository of his/her updated address promptly by adhering to certain rules and regulation of Bursa Depository, failing which, the notification letter on successful allotment shall be sent to the applicant's address last maintained with Bursa Depository.

Applicants may also check the status of their application by logging on to the MIDFCCS website at **midf.com.my** or by calling their respective ADAs at the telephone number as stated in **Section 13.11** or MIDFCCS Enquiry Services Telephone at **03-21738657, 03-21738658 or 03-21738659** between 5 to 10 Market Days (during office hours only) after the balloting date.

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13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**13.11 LIST OF AUTHORISED DEPOSITORY AGENTS**

The list of the ADAs and their respective Broker codes are as follows:

Name	Address and Telephone Number	Broker Code
KUALA LUMPUR		
A.A. ANTHONY SECURITIES SDN BHD	N-1-3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No: 03-62011155	078-004
AFFIN INVESTMENT BANK BERHAD	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 No. 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2078 2788	086-001
BIMB SECURITIES SDN BHD	32 nd Floor, Menara Multi-Purpose Capital Square No.8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2591 8887	024-001
CIMB INVESTMENT BANK BERHAD	9th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2084 9999	065-001
ECM LIBRA INVESTMENT BANK BERHAD	1 st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2178 1888	052-009
ECM LIBRA INVESTMENT BANK BERHAD	Level 1, Bangunan ECM Libra 8 Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.:03-2089 1800	052-001
HONG LEONG INVESTMENT BANK BERHAD (FORMERLY KNOWN AS HLG SECURITIES SDN BHD)	Level 8, Menara HLA No.3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

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.: 03-7710 6688	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	Suite 7-03, 7th Floor Suite 12-02 & Part of Suite 12-01 12th 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 Entreprenuer Park 58200 Kuala Lumpur Tel No.: 03-79818811	054-005
JUPITER SECURITIES SDN BHD	Level 8 & 9r, Menara Olympia No. 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
M & A SECURITIES SDN BHD	Level G-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No.: 03-22821820	057-002

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code
MAYBANK INVESTMENT BANK BERHAD (FORMERLY KNOWN AS ASEAMBANKERS MALAYSIA BERHAD)	Level 8, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-22978888	098-001
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	11 th & 12 th Floor, Menara MIDF 82 Jalan Raja Chulan 50400 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.: 03-26928899	061-001
OSK INVESTMENT BANK BERHAD	20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2333 8333	056-001
OSK INVESTMENT BANK BERHAD	62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No.: 03-62575869	056-028
OSK INVESTMENT BANK BERHAD	Ground Floor 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 Floor Menara PMI No.2 Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No.: 03-21463000	064-001
PUBLIC INVESTMENT BANK BERHAD	27 th Floor, Public Bank Building No.6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-20313011	051-001
RHB INVESTMENT BANK BERHAD	Level 10, Tower Three RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-92873888	087-001

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code
TA SECURITIES HOLDINGS BERHAD	Floor 13, 15-18, 20, 23, 28-30, 34 & 35 Menara TA One, No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-20721277	058-003
SELANGOR DARUL EHSAN		
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.: 03-3343 9999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 7729 8016	028-003
AmINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 7710 6613	086-003
CIMB INVESTMENT BANK BERHAD	Level G & Level 1 Tropicana City Office Tower No.3, Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 7717 3388	065-009
ECM LIBRA INVESTMENT BANK BERHAD	35 (Ground & 1 st Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.:03-3348 8080	052-015
HONG LEONG INVESTMENT BANK BERHAD (formerly known as HLG Securities Sdn Bhd)	Tingkat 1, 2 & 3 Plaza Damansara Utama 2, Jalan SS 21/60 Damarisara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-77246888	066-002
HWANGDBS INVESTMENT BANK BERHAD	16 th , 18 th -20 th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No.: 03-5513 3288	068-002

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code
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.: 03-5635 6688	068-010
JF APEX SECURITIES BERHAD	6 th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001
JF APEX SECURITIES BERHAD	15 th & 16 th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002
KENANGA INVESTMENT BANK BERHAD	13 th Floor, Menara Yayasan Selangor No. 18A, Jalan Persiaran Barat Off Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7956 2169	073-005
KENANGA INVESTMENT BANK BERHAD	1 st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No.: 03-8024 1682	073-006
KENANGA INVESTMENT BANK BERHAD	Room 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-3005 7550	073-007
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7725 9095	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.: 03-7873 6366	056-011
OSK INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 3378	056-045

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	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.: 03-3343 9180	056-048
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300	064-007
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy, Lot 72 Persiaran Jubli Perak Seksyen 22 40000 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.: 03-8025 1880	058-005

MELAKA

CIMB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd 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.: 06-288 1720	052-008

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code
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.: 06-337 1533	012-001
MERCURY SECURITIES SDN BHD	No. 81B & 83B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-292 1898	093-003
OSK INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No.: 06-282 5211	056-003
PM SECURITIES SDN BHD	No. 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No.: 06-286 6008	064-006
RHB INVESTMENT BANK BERHAD	Lot 9 & 10, 1st Floor Tabung Haji Building Jalan Bandar Kaba 75000 Melaka Tel No.: 06-283 3622	087-002
PERAK DARUL RIDZUAN		
A.A. ANTHONY SECURITIES SDN. BHD.	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05 - 623 2328	078-009
CIMB INVESTMENT BANK BHD	Ground, 1st, 2nd and 3rd Floor No 8, 8A-8C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05 – 208 8688	065-010
ECM LIBRA INVESTMENT BANK BERHAD	No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-242 2828	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.: 05-622 2828	052-006
HWANGDBS INVESTMENT BANK BERHAD	Ground, Level 1,2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No.: 05-806 0888	068-003

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-255 9988	068-015
HONG LEONG INVESTMENT BANK BERHAD [(FORMERLY KNOWN AS HLG SECURITIES SDN BHD)	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-253 0888	066-003
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-241 9800	057-001
MAYBANK INVESTMENT BANK BERHAD (FORMERLY KNOWN AS ASEAMBANKERS MALAYSIA BERHAD)	B-G-04 (Ground Floor) Level 1 & 2 42 Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-245 3400	098-002
OSK INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-241 5100	056-002
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-623 6498	056-014
OSK INVESTMENT BANK BERHAD	1st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-692 1228	056-016
OSK INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-808 8229	056-034
OSK INVESTMENT BANK BERHAD	Ground Floor 72, Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.: 05-467 1801	056-044
OSK INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-717 0888	056-052

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code
TA SECURITIES HOLDINGS BERHAD	Bahagian Kanan Tingkat Bawah, Tingkat 1 & 2, Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun	058-001
PULAU PINANG		
A.A. ANTHONY SECURITIES SDN BHD	1st Floor, Heng Guan Building 171, Jalan Burmah 10050 Pulau Pinang Tel No.: 04-229 9318	078-002
A.A. ANTHONY SECURITIES SDN BHD	No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-554 1388	078-003
ALLIANCE INVESTMENT BANK BHD	Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No. 25, Lebuhraya 10200 Penang Tel No.: 04 - 261 1688	076-015
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04 – 226 1818	086-004
CIMB INVESTMENT BANK BERHAD	Ground Floor, Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-238 5900	065-003
ECM LIBRA INVESTMENT BANK BERHAD	No. 111, Jalan Macalister 10400 Pulau Pinang Tel No.: 04-228 1868	052-003
ECM LIBRA INVESTMENT BANK BERHAD	7 th & 8 th Floor, Menara PSCI 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-228 3355	052-010
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No.: 04-263 6996	068-001
HWANGDBS INVESTMENT BANK BERHAD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-537 2882	068-006

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8 th Floor Bangunan Mayban Trust 3, Penang Street 10200 Pulau Pinang Tel No.: 04-269 0888	054-002
KENANGA INVESTMENT BANK BERHAD	Lot 1.02, Level 1, Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-210 6666	073-013
MERCURY SECURITIES SDN BHD	2 nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No.: 04-263 9118	093-004
OSK INVESTMENT BANK BERHAD	64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Pulau Pinang Tel No.: 04-263 4222	056-004
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No.: 04-390 0022	056-005
OSK INVESTMENT BANK BERHAD	Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-540 2888	056-015
OSK INVESTMENT BANK BERHAD	834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No.: 04-583 1888	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.: 04-640 4888	056-042
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-227 3000	064-004

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code
PERLIS INDRA KAYANGAN		
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Tel No.: 04-976 5200	076-003
OSK INVESTMENT BANK BERHAD	Tingkat Bawah dan Tingkat Satu No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No.: 04 - 979 3888	056-061
KEDAH DARUL AMAN		
A.A. ANTHONY SECURITIES SDN. BHD.	Lot 4, 5 & 5A 1st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04 - 732 2111	078-007
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-731 7088	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.: 04-425 6666	068-011
OSK INVESTMENT BANK BERHAD	No.112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-420 4888	056-017
OSK INVESTMENT BANK BERHAD	No. 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim, Kedah Darul Aman Tel No.: 04-496 4888	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.: 04-720 9888	056-021

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code
NEGERI SEMBILAN DARUL KHUSUS		
ECM LIBRA INVESTMENT BANK BERHAD	1 C-G & 1 D-G Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-765 5998	052-013
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-761 2288	068-007
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-455 3188	068-013
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-764 1641	056-024
OSK INVESTMENT BANK BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No.: 06-442 1000	056-037
OSK INVESTMENT BANK BERHAD	1st & 2nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-455 3011	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.: 06-646 1234	056-046
PM SECURITIES SDN BHD	1st, 2nd & 3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-762 3131	064-002
JOHOR DARUL TAKZIM		
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.: 07-333 2000	078-001

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code
A. A. ANTHONY SECURITIES SDN BHD	42-8, Main Road, Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-663 6658	078-005
A.A. ANTHONY SECURITIES SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Tel No.: 07-351 3218	078-006
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-771 7922	076-006
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-434 2282	086-002
AMINVESTMENT BANK BERHAD	18th & 31st Floor Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-334 3855	086-006
ECM LIBRA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-953 2222	052-004
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor, No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No.: 06-467 8885	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.: 07-222 2692	068-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-223 1211	054-004
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-333 3600	073-004

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BERHAD	No. 31 Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No.: 06-954 2711	073-008
KENANGA INVESTMENT BANK BERHAD	No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-933 3515	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.: 07-777 1161	073-010
KENANGA INVESTMENT BANK BERHAD	No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-978 2292	073-011
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Menara Pelangi No. 1, Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-331 6992	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 - 222 7388	061-002
MIMB INVESTMENT BANK BERHAD	1st Floor, No. 9, Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim Tel No.: 07 – 3413 688	061-003
OSK INVESTMENT BANK BERHAD	6 th Floor, Wisma Tiong-Hua 8, Jalan Keris Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-278 8821	056-006
OSK INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-438 0288	056-009
OSK INVESTMENT BANK BERHAD	No. 33-1, 1 st & 2 nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538 8262	056-025

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Tingkat Bawah dan Tingkat Satu No. 119 dan 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-557 7628	056-029
OSK INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 3 Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-932 1543	056-030
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No.: 07-776 9655	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.: 07-662 6288	056-035
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No.: 06-978 7180	056-038
OSK INVESTMENT BANK BERHAD	1st Floor, No. 2 Jalan Makmur, Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No.: 07-925 6881	056-039
OSK INVESTMENT BANK BERHAD	Tingkat Bawah, Tingkat 1 dan Tingkat 2 Nos. 21 dan 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-352 2293	056-043
PM SECURITIES SDN BHD	No.41 Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-351 3232	064-005
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre Johor Darul Takzim Tel No.: 07-433 3608	064-008

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code
PAHANG DARUL MAKMUR		
ALLIANCE INVESTMENT BANK BERHAD	A-397, A-399 & A-401 Taman Sri Kuantan III, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-566 0800	076-002
CIMB INVESTMENT BANK BERHAD	No. A-27 Ground, 1 st & 2 nd Floor Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No.: 09-205 7800	065-007
ECM LIBRA INVESTMENT BANK BERHAD	A15, A17 & A19 Lorong Tun Ismail 8, Sri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-513 3289	052-007
OSK INVESTMENT BANK BERHAD	B32 & B34, Lorong Tun Ismail 9 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-516 3811	056-007
OSK INVESTMENT BANK BERHAD	Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-223 4943	056-022
OSK INVESTMENT BANK BERHAD	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-491 4913	056-041
KELANTAN DARUL NAIM		
OSK INVESTMENT BANK BERHAD	No. 3953-H, Ground & 1st Floor Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-743 0077	056-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-743 2288	058-004
TERENGGANU DARUL IMAN		
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.: 09-631 7922	076-009

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-623 8128	021-001
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor, 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No.: 09-850 2730	056-027
OSK INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1 st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-626 1816	056-055
SARAWAK		
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1st, 2nd & 3rd Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082 – 244 791	086-005
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 688	065-004
CIMB INVESTMENT BANK BERHAD	No.6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No.: 084-367 700	065-008
HWANGDBS INVESTMENT BANK BERHAD	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No.: 082-236 999	068-005
HWANGDBS INVESTMENT BANK BERHAD	282, 1 st Floor Park City Commercial Centre Phase 4 Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330 008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435 577	073-002

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BERHAD	Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No.: 082-338 000	073-003
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No.: 084-313 855	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.: 082-422 252	056-008
OSK INVESTMENT BANK BERHAD	Lot 1268, 1 st & 2 nd Floor Lot 1269, 2 nd Floor Centre Point Commercial Centre Jalan Melayu 98008 Miri Sarawak Tel No.: 085-422788	056-012
OSK INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No.: 084-329 100	056-013
OSK INVESTMENT BANK BERHAD	Ground Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No.: 084-654 100	056-050
OSK INVESTMENT BANK BERHAD	Tingkat Bawah dan Tingkat 1 No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-311 770	056-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I, Jalan Kampung Datu 96000 Sibu Sarawak Tel No.: 084-319 998	058-002
TA SECURITIES HOLDINGS BERHAD	2 nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No.: 082-236 333	058-006

13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

Name	Address and Telephone Number	Broker Code
SABAH		
CIMB INVESTMENT BANK BERHAD	1st & 2nd Floor Central Building Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088 - 328 878	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, 9 th Floor CPS Tower Centre Point Sabah No.1 Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008
INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamuning 88100 Kota Kinabalu Sabah Tel No.: 088-234 090	020-001
OSK INVESTMENT BANK BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamuning 88000 Kota Kinabalu Sabah Tel No.: 088-269 788	056-010
OSK INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No.: 089-222 275	056-057

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